

FOURTEENTH DAY

House Chamber, Olympia, Monday, May 9, 2011

The House was called to order at 10:00 a.m. by the Speaker (Representative Moeller presiding). The Clerk called the roll and a quorum was present.

The flags were escorted to the rostrum by a Sergeant at Arms Color Guard, Pages Cathy Colley and Roy Atwood. The Speaker (Representative Moeller presiding) led the Chamber in the Pledge of Allegiance. The prayer was offered by Representative Bill Hinkle, 13th District, Washington.

Reading of the Journal of the previous day was dispensed with and it was ordered to stand approved.

There being no objection, the House advanced to the sixth order of business.

SECOND READING

HOUSE BILL NO. 1795, by Representatives Carlyle, Seaquist, Haler, Reykdal, Rolfes, Probst, Morris, Sells, Pedersen, Jacks, Hudgins, Maxwell and Frockt

Enacting the higher education opportunity act.

The bill was read the second time.

There being no objection, Second Substitute House Bill No. 1795 was substituted for House Bill No. 1795 and the second substitute bill was placed on the second reading calendar.

SECOND SUBSTITUTE HOUSE BILL NO. 1795 was read the second time.

With the consent of the house, amendments (714), (728), (724), (725), (728), (712), (756), (761) and (722) were withdrawn.

Representative Carlyle moved the adoption of amendment (704).

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. (1) The legislature finds that in the knowledge-based, globally interdependent economy of the twenty-first century, postsecondary education is the most indispensable form of currency. Public institutions of higher education are drivers of economic growth and job creation and incubators for innovation. An educated citizenry is a critical component of our democracy, and a commitment to provide public funding for public higher education institutions is imperative. At the same time, the legislature finds that Washington state is experiencing a profound structural shift in the funding of higher education. State support has declined dramatically over the past twenty years, thereby necessitating increases in tuition to supplant the support of higher education from general taxpayers. The problem faced by all stakeholders - students and their families, institutions, and policymakers - is a growing reliance on tuition dollars and a reduced reliance on state support. At the same time,

there is insufficient visibility into the use of locally retained tuition dollars. There is little transparency regarding whether increasing tuition dollars gives students, their families, and Washington taxpayers a high-value return on investment. Responding to those concerns, and recognizing that tuition-setting authority is interrelated to a wide variety of factors including state funding, student aid, admissions, dual credit, educational effectiveness, regulatory and reporting requirements, and other policies and practices, this higher education opportunity act directs a number of higher education system reforms.

(2) It is the intent of the legislature to:

(a) Ensure that tuition dollars are spent to improve student access, affordability, and the quality of education;

(b) Establish a clear nexus between tuition dollars and improved productivity and greater accountability of public institutions of higher education;

(c) Create a modern and robust higher education financial system that funds outcomes and results rather than input and process; and

(d) Continue a commitment to public funding of higher education through state appropriations that are essential for providing access, affordability, and quality in higher education for all students across the state.

(3)(a) It is the intent of the legislature to set goals for four-year institutions of higher education to increase the number of students who earn baccalaureate degrees, while maintaining quality, and achieve the following initial degree completion targets by 2018:

(i) Increasing the number of bachelor's degrees earned by Washington's resident students from the 2009-10 academic year levels by at least six thousand degrees completed or by twenty-seven percent;

(ii) Consistent with the priority for expanding the number of enrollments and degrees in the fields of engineering, technology, biotechnology, sciences, computer sciences, and mathematics, at least two thousand of the additional degrees under this subsection (3)(a) would be awarded in the areas of science, which includes the health sciences, technology, engineering, and mathematics, natural resources, environment, conservation, biology, life sciences, and other applied and interdisciplinary sciences; and

(iii) Attaining parity in degree attainment for students from underrepresented groups, which would mean that at least nineteen percent of the degrees awarded would include students who are low-income or are the first in their families to attend college.

(b) It is the intent of the legislature that the bachelor degree completion targets in (a) of this subsection be updated every two years based upon the state's changing population and economic needs and that targets be set for five-year periods following the 2018 target.

(c) It is the intent of the legislature to urge four-year institutions of higher education to place the highest priority on achieving the degree completion targets under (a) of this subsection. The legislature intends to examine the strategies used and progress made by institutions of higher education to meet the targets in addition to evidence of increased cost-effectiveness and efficiency. The legislature recognizes that individual institutions develop their campus goals recognizing the role of their campus as part of the system of public higher education and may implement a variety of innovative methods to achieve these goals.

Sec. 2. RCW 28B.15.031 and 2003 c 232 s 2 are each amended to read as follows:

The term "operating fees" as used in this chapter shall include the fees, other than building fees, charged all students registering at the state's colleges and universities but shall not include fees for short courses, self-supporting degree credit programs and courses, marine station work, experimental station work, correspondence or extension courses, and individual instruction and student deposits or rentals, disciplinary and library fines, which colleges and universities shall have the right to impose, laboratory, gymnasium, health, technology and student activity fees, or fees, charges, rentals, and other income derived from any or all revenue producing lands, buildings and facilities of the colleges or universities heretofore or hereafter acquired, constructed or installed, including but not limited to income from rooms, dormitories, dining rooms, hospitals, infirmaries, housing or student activity buildings, vehicular parking facilities, land, or the appurtenances thereon, or such other special fees as may be established by any college or university board of trustees or regents from time to time. All moneys received as operating fees at any institution of higher education shall be deposited in a local account containing only operating fees revenue and related interest: PROVIDED, That a minimum of ~~((three and one-half))~~ five percent of operating fees shall be retained by the four-year institutions of higher education that increase tuition for resident undergraduate students above assumed tuition increases in the omnibus appropriations act, a minimum of four percent of operating fees shall be retained by four-year institutions of higher education that do not increase tuition for resident undergraduates above assumed increases in the omnibus appropriations act, and a minimum of three and one-half percent of operating fees shall be retained by the community and technical colleges for the purposes of RCW 28B.15.820. At least thirty percent of operating fees required to be retained by the four-year institutions for purposes of RCW 28B.15.820 shall be used only for the purposes of RCW 28B.15.820(10). Local operating fee accounts shall not be subject to appropriation by the legislature or allment procedures under chapter 43.88 RCW.

Sec. 3. RCW 28B.15.067 and 2010 c 20 s 7 are each amended to read as follows:

(1) Tuition fees shall be established under the provisions of this chapter.

(2) ((Beginning with the 2003-04 academic year and ending with the 2012-13 academic year, reductions or increases in full-time tuition fees for resident undergraduates shall be as provided in the omnibus appropriations act)) Beginning in the 2011-12 academic year, reductions or increases in full-time tuition fees shall be as provided in the omnibus appropriations act for resident undergraduate students at community and technical colleges. The governing boards of the state universities, regional universities, and The Evergreen State College; and the state board for community and technical colleges may reduce or increase full-time tuition fees for all students other than resident undergraduates, including nonresident students, summer school students, and students in other self-supporting degree programs. Percentage increases in full-time tuition may exceed the fiscal growth factor. The state board for community and technical colleges may pilot or institute differential tuition models. The board may define scale, scope, and rationale for the models.

(3)(a) Beginning with the ~~((2003-04))~~ 2011-12 academic year and ~~((ending with the 2012-13))~~ through the end of the 2014-15 academic year, the governing boards of the state universities, the regional universities, and The Evergreen State College ~~((and the state board for community and technical colleges))~~ may reduce or increase full-time tuition fees for all students ~~((other than resident undergraduates))~~, including summer school students and students in other self-supporting degree programs. Percentage increases in full-time tuition fees may exceed the fiscal growth factor. Reductions or

increases may be made for all or portions of an institution's programs, campuses, courses, or students.

(b) Prior to reducing or increasing tuition for each academic year, the governing boards of the state universities, the regional universities, and The Evergreen State College shall consult with existing student associations or organizations with student undergraduate and graduate representatives regarding the impacts of potential tuition increases. Governing boards shall be required to provide data regarding the percentage of students receiving financial aid, the sources of aid, and the percentage of total costs of attendance paid for by aid.

(c) Prior to reducing or increasing tuition for each academic year, ~~((each college in))~~ the state board for community and technical college system shall consult with existing student associations or organizations with undergraduate student representation regarding the impacts of potential tuition increases. The state board for community and technical colleges shall provide data regarding the percentage of students receiving financial aid, the sources of aid, and the percentage of total costs of attendance paid for by aid.

(4) ((Academic year tuition for full-time students at the state's institutions of higher education beginning with 2015-16, other than summer term, shall be as charged during the 2014-15 academic year unless different rates are adopted by the legislature)) Beginning with the 2015-16 academic year through the 2018-19 academic year, the governing boards of the state universities, regional universities, and The Evergreen State College may set tuition for resident undergraduates as follows:

(a) If state funding for a college or university falls below the state funding provided in the operating budget for fiscal year 2011, the governing board may increase tuition up to the limits set in (d) of this subsection, reduce enrollments, or both;

(b) If state funding for a college or university is at least at the level of state funding provided in the operating budget for fiscal year 2011, the governing board may increase tuition up to the limits set in (d) of this subsection and shall continue to at least maintain the actual enrollment levels for fiscal year 2011 or increase enrollments as required in the omnibus appropriations act; and

(c) If state funding is increased so that combined with resident undergraduate tuition the sixtieth percentile of the total per-student funding at similar public institutions of higher education in the global challenge states under RCW 28B.15.068 is exceeded, the governing board shall decrease tuition by the amount needed for the total per-student funding to be at the sixtieth percentile under RCW 28B.15.068.

(d) The amount of tuition set by the governing board for an institution under this subsection (4) may not exceed the sixtieth percentile of the resident undergraduate tuition of similar public institutions of higher education in the global challenge states.

(5) The tuition fees established under this chapter shall not apply to high school students enrolling in participating institutions of higher education under RCW 28A.600.300 through 28A.600.400.

(6) The tuition fees established under this chapter shall not apply to eligible students enrolling in a dropout reengagement program through an interlocal agreement between a school district and a community or technical college under RCW 28A.175.100 through 28A.175.110.

(7) The tuition fees established under this chapter shall not apply to eligible students enrolling in a community or technical college participating in the pilot program under RCW 28B.50.534 for the purpose of obtaining a high school diploma.

(8) ((For the academic years 2003-04 through 2008-09, the University of Washington shall use an amount equivalent to ten percent of all revenues received as a result of law school tuition increases beginning in academic year 2000-01 through academic year 2008-09 to assist needy low and middle-income resident law students.

(9) For the academic years 2003-04 through 2008-09, institutions

of higher education shall use an amount equivalent to ten percent of all revenues received as a result of graduate academic school tuition increases beginning in academic year 2003-04 through academic year 2008-09 to assist needy low and middle-income resident graduate academic students.

(10) Any tuition increases above seven percent shall fund costs of instruction, library and student services, utilities and maintenance, other costs related to instruction as well as institutional financial aid. Through 2010-11, any funding reductions to instruction, library and student services, utilities and maintenance and other costs related to instruction shall be proportionally less than other program areas including administration)) Beginning in the 2019-20 academic year, reductions or increases in full-time tuition fees for resident undergraduates at four-year institutions of higher education shall be as provided in the omnibus appropriations act.

Sec. 4. RCW 28B.15.0681 and 2009 c 215 s 6 are each amended to read as follows:

(1) In addition to the requirement in RCW 28B.76.300(4), institutions of higher education shall disclose to their undergraduate resident students on the tuition billing statement, in dollar figures for a full-time equivalent student:

- (a) The full cost of instruction;
- (b) The amount collected from student tuition and fees; and
- (c) The difference between the amounts for the full cost of instruction and the student tuition and fees.

(2) The tuition billing statement shall note that the difference between the cost and tuition under subsection (1)(c) of this section was paid by state tax funds and other moneys.

(3) Beginning in the 2010-11 academic year, the amount determined in subsection (1)(c) of this section shall be labeled an "opportunity pathway" on the tuition billing statement.

(4) Beginning in the 2010-11 academic year, institutions of higher education shall label financial aid awarded to resident undergraduate students as an "opportunity pathway" on the tuition billing statement or financial aid award notification. Aid granted to students outside of the financial aid package provided through the institution of higher education and loans provided by the federal government are not subject to the labeling provisions in this subsection. All other aid from all sources including federal, state, and local governments, local communities, nonprofit and for-profit organizations, and institutions of higher education must be included. The disclosure requirements specified in this section do not change the source, award amount, student eligibility, or student obligations associated with each award. Institutions of higher education retain the ability to customize their tuition billing statements to inform students of the assistance source, amount, and type so long as provisions of this section are also fulfilled.

(5) Institutions of higher education shall provide the following information to all undergraduate resident students either on the tuition billing statement or via a link to a web site detailing the following information:

- (a) The sources of all institutional revenue received during the prior academic or fiscal year, including but not limited to state, federal, local, and private sources;
- (b) The uses of undergraduate tuition revenue collected during the prior academic or fiscal year by program category as determined by the office of financial management; and
- (c) The accountability and performance data under RCW 28B.76.270.

(6) The tuition billing statement disclosures shall be in twelve-point type and boldface type where appropriate.

~~((6))~~ (7) All tuition billing statements or financial aid award notifications at institutions of higher education must notify resident undergraduate students of federal tax credits related to higher education for which they may be eligible.

NEW SECTION. **Sec. 5.** A new section is added to chapter 28B.15 RCW to read as follows:

(1) To ensure institutional quality, promote access, and advance the public mission of the state universities, the regional universities, and The Evergreen State College, the authority to increase or decrease tuition rates shall be considered within the context of performance-based measures and goals for each state university, regional university, and The Evergreen State College. By September 1, 2012, and September 1st every two years thereafter, the state universities, the regional universities, and The Evergreen State College shall each negotiate an institutional performance plan with the office of financial management that includes expected outcomes that must be achieved by each institution in the subsequent biennium based on the performance data required in RCW 28B.76.270.

(2) If performance plans are not completed as specified in subsection (1) of this section or if, at the conclusion of a biennium, a state university, regional university, or The Evergreen State College does not achieve the expected outcomes established in the performance plans, in the subsequent biennium that university's or college's resident undergraduate tuition may not, without prior legislative approval, be increased beyond levels assumed in the omnibus appropriations act.

NEW SECTION. **Sec. 6.** A new section is added to chapter 28B.15 RCW to read as follows:

(1) Beginning July 1, 2011, each four-year institution of higher education that raises tuition beyond levels assumed in the omnibus appropriations act shall, in a manner consistent with the goal of enhancing the quality of and access to their institutions, provide financial aid to offset full-time tuition fees for resident undergraduate students as follows:

(a) Subtract from the full-time tuition fees an amount that is equal to the maximum amount of a state need grant award that would be given to an eligible student with a family income at or below fifty percent of the state's median family income as determined by the higher education coordinating board; and

(b) Offset the remainder as follows:

(i) Students whose family incomes are at or below fifty percent of the state's median family income shall receive financial aid equal to one hundred percent of the remainder if an institution's full-time tuition fees for resident undergraduate students is five percent or greater of the state's median family income for a family of four as provided by the higher education coordinating board;

(ii) Students whose family incomes are greater than fifty percent and no more than seventy percent of the state's median family income shall receive financial aid equal to seventy-five percent of the remainder if an institution's full-time tuition fees for resident undergraduate students is ten percent or greater of the state's median family income for a family of four as provided by the higher education coordinating board;

(iii) Students whose family incomes exceed seventy percent and are less than one hundred percent of the state's median family income shall receive financial aid equal to fifty percent of the remainder if an institution's full-time tuition fees for resident undergraduate students is fifteen percent or greater of the state's median family income for a family of four as provided by the higher education coordinating board; and

(iv) Students whose family incomes are at or exceed one hundred percent and are no more than one hundred twenty-five percent of the state's median family income shall receive financial aid equal to twenty-five percent of the remainder if an institution's full-time tuition fees for resident undergraduate students is twenty percent or greater of the state's median family income for a family of four as provided by the higher education coordinating board.

(2) The financial aid required in subsection (1) of this section shall:

(a) Be reduced by the amount of other financial aid awards, not including the state need grant;

(b) Be prorated based on credit load; and

(c) Only be provided to students with demonstrated need.

(3) Financial aid sources and methods may be:

(a) Tuition revenue or locally held funds;

(b) Tuition waivers created by a four-year institution of higher education for the specific purpose of serving middle class students; or

(c) Local financial aid programs.

(4) Use of tuition waivers as specified in subsection (3)(b) of this section shall not be included in determining total state tuition waiver authority as defined in RCW 28B.15.910.

(5) By August 15, 2012, and August 15th every year thereafter, four-year institutions of higher education shall report to the governor and relevant committees of the legislature on the effectiveness of the various sources and methods of financial aid in mitigating tuition increases. A key purpose of these reports is to provide information regarding the results of the decision to grant tuition-setting authority to the four-year institutions of higher education and whether tuition setting authority should continue to be granted to the institutions or revert back to the legislature after consideration of the impacts on students, including educational access, affordability, and quality. These reports shall include:

(a) The amount of additional financial aid provided to middle-income and low-income students with demonstrated need in the aggregate and per student;

(b) An itemization of the sources and methods of financial aid provided by the four-year institution of higher education in the aggregate and per student;

(c) An analysis of the combined impact of federal tuition tax credits and financial aid provided by the institution of higher education on the net cost to students and their families resulting from tuition increases;

(d) In cases where tuition increases are greater than those assumed in the omnibus appropriations act at any four-year institution of higher education, the institution must include an explanation in its report of why this increase was necessary and how the institution will mitigate the effects of the increase. The institution must include in this section of its report a plan and specific timelines; and

(e) An analysis of changes in resident student enrollment patterns, participation rates, graduation rates, and debt load, by race and ethnicity, gender, state and county of origin, age, and socioeconomic status, and a plan to mitigate effects of reduced diversity due to tuition increases. This analysis shall include disaggregated data for resident students in the following income brackets:

(i) Up to seventy percent of the median family income;

(ii) Between seventy-one percent and one hundred twenty-five percent of the median family income; and

(iii) Above one hundred twenty-five percent of the median family income.

(6) Beginning in the 2012-13 academic year, the University of Washington shall enroll during each term at least the same number of resident freshman undergraduate students at the Seattle campus, as defined in RCW 28B.15.012, as enrolled during the same term in the 2009-10 academic year. This requirement shall not apply to nonresident undergraduate and graduate and professional students.

Sec. 7. RCW 28B.15.068 and 2009 c 540 s 1 are each amended to read as follows:

(1) (Beginning with the 2007-08 academic year and ending with the 2016-17 academic year, tuition fees charged to full-time resident undergraduate students, except in academic years 2009-10 and 2010-11, may increase no greater than seven percent over the previous academic year in any institution of higher education. Annual reductions or increases in full-time tuition fees for resident undergraduate students shall be as provided in the omnibus appropriations act, within the seven percent increase limit established

in this section. For academic years 2009-10 and 2010-11 the omnibus appropriations act may provide tuition increases greater than seven percent. To the extent that state appropriations combined with tuition and fee revenues are insufficient to achieve the total per-student funding goals established in subsection (2) of this section, the legislature may revisit state appropriations, authorized enrollment levels, and changes in tuition fees for any given fiscal year.

(2) The state shall adopt as its goal total per-student funding levels, from state appropriations plus tuition and fees, of at least the sixtieth percentile of total per-student funding at similar public institutions of higher education in the global challenge states. In defining comparable per-student funding levels, the office of financial management shall adjust for regional cost-of-living differences; for differences in program offerings and in the relative mix of lower division, upper division, and graduate students; and for accounting and reporting differences among the comparison institutions. The office of financial management shall develop a funding trajectory for each four-year institution of higher education and for the community and technical college system as a whole that when combined with tuition and fees revenue allows the state to achieve its funding goal for each four-year institution and the community and technical college system as a whole no later than fiscal year 2017. The state shall not reduce enrollment levels below fiscal year 2007 budgeted levels in order to improve or alter the per-student funding amount at any four-year institution of higher education or the community and technical college system as a whole. The state recognizes that each four-year institution of higher education and the community and technical college system as a whole have different funding requirements to achieve desired performance levels, and that increases to the total per-student funding amount may need to exceed the minimum funding goal.

((3)) By September 1st of each year beginning in ((2008)) 2011, the office of financial management shall report to the governor, the higher education coordinating board, and appropriate committees of the legislature with updated estimates of:

(a) The total per-student funding level that represents the sixtieth percentile of funding for ((comparable)) similar institutions of higher education in the global challenge states((, and the progress toward that goal that was made for each of the public institutions of higher education)); and

(b) The tuition that represents the sixtieth percentile of tuition for similar institutions of higher education in the global challenge states.

((4)) (2) As used in this section, "global challenge states" are the top performing states on the new economy index published by the progressive policy institute as of July 22, 2007. The new economy index ranks states on indicators of their potential to compete in the new economy. At least once every five years, the office of financial management shall determine if changes to the list of global challenge states are appropriate. The office of financial management shall report its findings to the governor and the legislature.

((5) During the 2009-10 and the 2010-11 academic years, institutions of higher education shall include information on their billing statements notifying students of tax credits available through the American opportunity tax credit provided in the American recovery and reinvestment act of 2009.) (3) Institutions of higher education, in collaboration with relevant student associations, shall aim to have one hundred percent of students that can benefit from available tax credits that mitigate the costs of higher education take advantage of these opportunities. These tax credits include the American opportunity tax credit provided in the American recovery and reinvestment act of 2009, the lifetime learning credit, and other relevant tax credits for as long as they are available.

(4)(a) Institutions shall make every effort to communicate to students and their families the benefits of such tax credits and provide assistance to students and their families on how to apply.

(b) Information about relevant tax credits shall, to the greatest

extent possible, be incorporated into financial aid counseling, admission information, and individual billing statements.

(c) Institutions shall, to the greatest extent possible, use all means of communication, including but not limited to web sites, online catalogues, admission and registration forms, mass email messaging, social media, and outside marketing to ensure information about relevant tax credits is visible and compelling, and reaches the maximum amount of student and families that can benefit.

(5) In the event that the economic value of the American opportunity tax credit is reduced or expires at any time before December 31, 2012, institutions of higher education shall:

(a) Develop an updated tuition mitigation plan established under section 6 of this act for the purpose of minimizing, to the greatest extent possible, the increase in net cost of tuition or total cost of attendance for students resulting from any such change. This plan shall include the methods specified by the four-year institution of higher education to avoid adding additional loan debt burdens to students regardless of the source of such loans;

(b) Report to the governor and the relevant committees of the legislature on their plans to adjust their tuition mitigation plans no later than ninety days after any such change to the American opportunity tax credit.

Sec. 8. RCW 28B.76.270 and 2004 c 275 s 11 are each amended to read as follows:

(1) The board shall establish an accountability monitoring and reporting system as part of a continuing effort to make meaningful and substantial progress towards the achievement of long-term performance goals in higher education.

(2) To provide consistent, easily understood data among the public four-year institutions of higher education within Washington and in other states, the following data must be reported annually by December 1st, must include projected outcomes for the following year, and at a minimum include data recommended by a national organization representing state chief executives. The board may change the data requirements to be consistent with best practices across the country. This data must, to the maximum extent possible, be disaggregated by race and ethnicity, gender, state and county of origin, age, and socioeconomic status, and include the following for the four-year institutions of higher education:

(a) Bachelor's degrees awarded;

(b) Graduate and professional degrees awarded;

(c) Graduation rates: The number and percentage of students who graduate within four years for bachelor's degrees and within the extended time, which is six years for bachelor's degrees;

(d) Transfer rates: The annual number and percentage of students who transfer from a two-year to a four-year institution of higher education;

(e) Time and credits to degree: The average length of time in years and average number of credits that graduating students took to earn a bachelor's degree;

(f) Enrollment in remedial education: The number and percentage of entering first-time undergraduate students who place into and enroll in remedial mathematics, English, or both;

(g) Success beyond remedial education: The number and percentage of entering first-time undergraduate students who complete entry college-level math and English courses within the first two consecutive academic years;

(h) Credit accumulation: The number and percentage of first-time undergraduate students completing two quarters or one semester worth of credit during their first academic year;

(i) Retention rates: The number and percentage of entering undergraduate students who enroll consecutively from fall-to-spring and fall-to-fall at an institution of higher education;

(j) Course completion: The percentage of credit hours completed out of those attempted during an academic year;

(k) Program participation and degree completion rates in bachelor

and advanced degree programs in the sciences, which includes the health sciences, natural resources, environment, conservation, biology, life sciences, and other applied and interdisciplinary sciences, technology, engineering, and mathematic disciplines, including participation and degree completion rates for students from traditionally underrepresented populations;

(l) Annual enrollment: Annual unduplicated number of students enrolled over a twelve-month period at institutions of higher education including by student level;

(m) Annual first-time enrollment: Total first-time students enrolled in a four-year institution of higher education;

(n) Completion ratio: Annual ratio of undergraduate and graduate degrees and certificates, of at least one year in expected length, awarded per one hundred full-time equivalent undergraduate students at the state level;

(o) Market penetration: Annual ratio of undergraduate and graduate degrees and certificates, of at least one year in program length, awarded relative to the state's population age eighteen to twenty-four years old with a high school diploma;

(p) Student debt load: Median three-year distribution of debt load, excluding debts incurred before coming to the institution;

(q) Data related to enrollment, completion rates, participation rates, and debt load shall be disaggregated for students in the following income brackets to the maximum extent possible:

(i) Up to seventy percent of the median family income;

(ii) Between seventy-one percent and one hundred twenty-five percent of the median family income; and

(iii) Above one hundred twenty-five percent of the median family income;

(r) Yearly percentage increases in the average cost of undergraduate instruction.

(3) Four-year institutions of higher education must count all students when collecting data, not only first-time, full-time freshmen.

(4) Based on guidelines prepared by the board, each four-year institution and the state board for community and technical colleges shall submit a biennial plan to achieve measurable and specific improvements each academic year on statewide and institution-specific performance measures. Plans shall be submitted to the board along with the biennial budget requests from the institutions and the state board for community and technical colleges. Performance measures established for the community and technical colleges shall reflect the role and mission of the colleges.

~~((3))~~ (5) The board shall approve biennial performance targets for each four-year institution and for the community and technical college system and shall review actual achievements annually. The state board for community and technical colleges shall set biennial performance targets for each college or district, where appropriate.

~~((4))~~ (6) The board shall submit a report on progress towards the statewide goals, with recommendations for the ensuing biennium, to the fiscal and higher education committees of the legislature along with the board's biennial budget recommendations.

~~((5))~~ (7) The board, in collaboration with the four-year institutions and the state board for community and technical colleges, shall periodically review and update the accountability monitoring and reporting system.

~~((6))~~ (8) The board shall develop measurable indicators and benchmarks for its own performance regarding cost, quantity, quality, and timeliness and including the performance of committees and advisory groups convened under this chapter to accomplish such tasks as improving transfer and articulation, improving articulation with the K-12 education system, measuring educational costs, or developing data protocols. The board shall submit its accountability plan to the legislature concurrently with the biennial report on institution progress.

(9) In conjunction with the office of financial management, all four-year institutions of higher education must display the data described

in subsection (2) of this section in a uniform dashboard format on the office of financial management's web site no later than December 1, 2011, and updated thereafter annually by December 1st. To the maximum extent possible, the information must be viewable by race and ethnicity, gender, state and county of origin, age, and socioeconomic status. The information may be tailored to meet the needs of various target audiences such as students, researchers, and the general public.

Sec. 9. RCW 28B.92.060 and 2009 c 215 s 4 are each amended to read as follows:

In awarding need grants, the board shall proceed substantially as follows: PROVIDED, That nothing contained herein shall be construed to prevent the board, in the exercise of its sound discretion, from following another procedure when the best interest of the program so dictates:

(1) The board shall annually select the financial aid award recipients from among Washington residents applying for student financial aid who have been ranked according to:

(a) Financial need as determined by the amount of the family contribution; and

(b) Other considerations, such as whether the student is a former foster youth, or is a placebound student who has completed an associate of arts or associate of science degree or its equivalent.

(2) The financial need of the highest ranked students shall be met by grants depending upon the evaluation of financial need until the total allocation has been disbursed. Funds from grants which are declined, forfeited or otherwise unused shall be reawarded until disbursed, except that eligible former foster youth shall be assured receipt of a grant. The board, in consultation with four-year institutions of higher education, and the state board for community and technical colleges, shall develop award criteria and methods of disbursement based on level of need, and not solely rely on a first-come, first-served basis.

(3) A student shall be eligible to receive a state need grant for up to five years, or the credit or clock hour equivalent of five years, or up to one hundred twenty-five percent of the published length of time of the student's program. A student may not start a new associate degree program as a state need grant recipient until at least five years have elapsed since earning an associate degree as a need grant recipient, except that a student may earn two associate degrees concurrently. Qualifications for renewal will include maintaining satisfactory academic progress toward completion of an eligible program as determined by the board. Should the recipient terminate his or her enrollment for any reason during the academic year, the unused portion of the grant shall be returned to the state educational grant fund by the institution according to the institution's own policy for issuing refunds, except as provided in RCW 28B.92.070.

(4) In computing financial need, the board shall determine a maximum student expense budget allowance, not to exceed an amount equal to the total maximum student expense budget at the public institutions plus the current average state appropriation per student for operating expense in the public institutions. Any child support payments received by students who are parents attending less than half-time shall not be used in computing financial need.

(5)(a) A student who is enrolled in three to six credit-bearing quarter credits, or the equivalent semester credits, may receive a grant for up to one academic year before beginning a program that leads to a degree or certificate.

(b) An eligible student enrolled on a less-than-full-time basis shall receive a prorated portion of his or her state need grant for any academic period in which he or she is enrolled on a less-than-full-time basis, as long as funds are available.

(c) An institution of higher education may award a state need grant to an eligible student enrolled in three to six credit-bearing quarter credits, or the semester equivalent, on a provisional basis if:

(i) The student has not previously received a state need grant from that institution;

(ii) The student completes the required free application for federal student aid;

(iii) The institution has reviewed the student's financial condition, and the financial condition of the student's family if the student is a dependent student, and has determined that the student is likely eligible for a state need grant; and

(iv) The student has signed a document attesting to the fact that the financial information provided on the free application for federal student aid and any additional financial information provided directly to the institution is accurate and complete, and that the student agrees to repay the institution for the grant amount if the student submitted false or incomplete information.

(6) As used in this section, "former foster youth" means a person who is at least eighteen years of age, but not more than twenty-four years of age, who was a dependent of the department of social and health services at the time he or she attained the age of eighteen.

Sec. 10. RCW 28A.600.310 and 2009 c 450 s 8 are each amended to read as follows:

(1) Eleventh and twelfth grade students or students who have not yet received the credits required for the award of a high school diploma and are eligible to be in the eleventh or twelfth grades may apply to a participating institution of higher education to enroll in courses or programs offered by the institution of higher education. A student receiving home-based instruction enrolling in a public high school for the sole purpose of participating in courses or programs offered by institutions of higher education shall not be counted by the school district in any required state or federal accountability reporting if the student's parents or guardians filed a declaration of intent to provide home-based instruction and the student received home-based instruction during the school year before the school year in which the student intends to participate in courses or programs offered by the institution of higher education. Students receiving home-based instruction under chapter 28A.200 RCW and students attending private schools approved under chapter 28A.195 RCW shall not be required to meet the student learning goals, obtain a certificate of academic achievement or a certificate of individual achievement to graduate from high school, or to master the essential academic learning requirements. However, students are eligible to enroll in courses or programs in participating universities only if the board of directors of the student's school district has decided to participate in the program. Participating institutions of higher education, in consultation with school districts, may establish admission standards for these students. If the institution of higher education accepts a secondary school pupil for enrollment under this section, the institution of higher education shall send written notice to the pupil and the pupil's school district within ten days of acceptance. The notice shall indicate the course and hours of enrollment for that pupil.

(2)(a) In lieu of tuition and fees, as defined in RCW 28B.15.020 and 28B.15.041(7);

(i) Running start students shall pay to the community or technical college all other mandatory fees as established by each community or technical college and, in addition, the state board for community and technical colleges may authorize a fee of up to ten percent of tuition and fees as defined in RCW 28B.15.020 and 28B.15.041; and

(ii) All other institutions of higher education operating a running start program may charge running start students a fee of up to ten percent of tuition and fees as defined in RCW 28B.15.020 and 28B.15.041 in addition to technology fees.

(b) The fees charged under this subsection (2) shall be prorated based on credit load.

(3)(a) The institutions of higher education must make available fee waivers for low-income running start students. Each institution must establish a written policy for the determination of low-income students before offering the fee waiver. A student shall be considered

low income and eligible for a fee waiver upon proof that the student is currently qualified to receive free or reduced-price lunch. Acceptable documentation of low-income status may also include, but is not limited to, documentation that a student has been deemed eligible for free or reduced-price lunches in the last five years, or other criteria established in the institution's policy.

(b) Institutions of higher education, in collaboration with relevant student associations, shall aim to have one hundred percent of students that can benefit from fee waivers take advantage of these waivers. Institutions shall make every effort to communicate to students and their families the benefits of the waivers and provide assistance to students and their families on how to apply. Information about waivers shall, to the greatest extent possible, be incorporated into financial aid counseling, admission information, and individual billing statements. Institutions also shall, to the greatest extent possible, use all means of communication, including but not limited to web sites, online catalogues, admission and registration forms, mass e-mail messaging, social media, and outside marketing to ensure that information about waivers is visible, compelling, and reaches the maximum number of students and families that can benefit.

(4) The pupil's school district shall transmit to the institution of higher education an amount per each full-time equivalent college student at statewide uniform rates for vocational and nonvocational students. The superintendent of public instruction shall separately calculate and allocate moneys appropriated for basic education under RCW 28A.150.260 to school districts for purposes of making such payments and for granting school districts seven percent thereof to offset program related costs. The calculations and allocations shall be based upon the estimated statewide annual average per full-time equivalent high school student allocations under RCW 28A.150.260, excluding small high school enhancements, and applicable rules adopted under chapter 34.05 RCW. The superintendent of public instruction, the higher education coordinating board, and the state board for community and technical colleges shall consult on the calculation and distribution of the funds. The funds received by the institution of higher education from the school district shall not be deemed tuition or operating fees and may be retained by the institution of higher education. A student enrolled under this subsection shall be counted for the purpose of meeting enrollment targets in accordance with terms and conditions specified in the omnibus appropriations act.

(5) The state board for community and technical colleges, in collaboration with the other institutions of higher education that participate in the running start program and the office of the superintendent of public instruction, shall identify, assess, and report on alternatives for providing ongoing and adequate financial support for the program. Such alternatives shall include but are not limited to student tuition, increased support from local school districts, and reallocation of existing state financial support among the community and technical college system to account for differential running start enrollment levels and impacts. The state board for community and technical colleges shall report the assessment of alternatives to the governor and to the appropriate fiscal and policy committees of the legislature by September 1, 2010.

NEW SECTION. Sec. 11. A new section is added to chapter 28B.10 RCW to read as follows:

(1) A graduate of a community or technical college in this state who has earned a transferable associate of arts or sciences degree when admitted to a four-year institution of higher education shall have junior standing. A graduate who has earned the direct transfer associate of arts degree will be deemed to have met the lower division general education requirements of the receiving four-year institution of higher education. A graduate who has earned the associate of science transfer degree will be deemed to have met most requirements that prepare the graduate for baccalaureate degree majors in science, technology, engineering, and math and will be required to complete

only such additional lower division, general education courses at the receiving four-year institutions of higher education as would have been required to complete the direct transfer associate of arts degree.

(2) A student who has earned the equivalent of ninety quarter credit hours and has completed the general education requirements at that four-year institution of higher education in Washington when admitted to another four-year institution of higher education shall have junior standing and shall be deemed to have met the lower division general education requirements of the institution to which the student transfers.

(3) The community and technical colleges, jointly with the four-year institutions of higher education, must develop a list of academic courses that are equivalent to one-year's worth of general education credit and that would transfer for that purpose to any other two or four-year institution of higher education. If a student completes one-year's worth of general education credits, the student may be issued a one-year academic completion certificate. This certificate shall be accepted at any transferring two or four-year institution of higher education.

(4) Each institution of higher education must develop a minimum of one degree within the arts and sciences disciplines that can be completed within the equivalent of ninety quarter upper division credits by any student who enters an institution of higher education with junior status and lower division general education requirements completed.

(5) Each four-year institution of higher education must publish a list of recommended courses for each academic major designed to help students who are planning to transfer design their course of study. Publication of the list of courses must be easily identified and accessible on the institution's web site.

(6) The requirements to publish a list of recommended courses for each academic major under this section does not apply if an institution does not require courses or majors to meet specific requirements but generally applies credits earned towards degree requirements.

NEW SECTION. Sec. 12. A new section is added to chapter 28B.50 RCW to read as follows:

(1)(a) Community and technical colleges must identify and publish in their admissions materials the college level courses that are recognized by all four-year institutions of higher education as transferable to the four-year institutions of higher education. Publication of the list of courses must be easily identified and accessible on the college's web site.

(b) If a four-year institution of higher education does not require courses of majors for transfer, the community and technical colleges must identify and publish the transfer policy of the institution in their admissions materials and make the transfer policy of the institution easily identifiable on the college's web site.

(2) Community and technical colleges must create a list of courses that satisfy the basic requirements, distribution requirements, and approved electives for:

(a) A one-year academic completion certificate as provided for under section 11 of this act; and

(b) A transferrable associate of arts or sciences degree as provided for under section 11 of this act.

(3) To the extent possible, each community and technical college must develop links between the lists in subsections (1) and (2) of this section and its list of courses, and develop methods to encourage students to check the lists in subsections (1) and (2) of this section when the students are registering for courses.

Sec. 13. RCW 39.29.011 and 2009 c 486 s 7 are each amended to read as follows:

All personal service contracts shall be entered into pursuant to competitive solicitation, except for:

(1) Emergency contracts;

(2) Sole source contracts;

(3) Contract amendments;

(4) Contracts between a consultant and an agency of less than twenty thousand dollars. However, contracts of five thousand dollars or greater but less than twenty thousand dollars shall have documented evidence of competition, which must include agency posting of the contract opportunity on the state's common vendor registration and bid notification system. Agencies shall not structure contracts to evade these requirements; (~~and~~)

(5) Contracts between a consultant and an institution of higher education of less than one hundred thousand dollars. However, contracts of ten thousand dollars or greater but less than one hundred thousand dollars shall have documented evidence of competition, which must include an institution of higher education's posting of the contract opportunity on the state's common vendor registration and bid notification system. Institutions of higher education may not structure contracts to evade these requirements; and

(6) Other specific contracts or classes or groups of contracts exempted from the competitive solicitation process by the director of the office of financial management when it has been determined that a competitive solicitation process is not appropriate or cost-effective.

Sec. 14. RCW 43.19.1906 and 2008 c 215 s 5 are each amended to read as follows:

Insofar as practicable, all purchases and sales shall be based on competitive bids, and a formal sealed, electronic, or web-based bid procedure, subject to RCW 43.19.1911, shall be used as standard procedure for all purchases and contracts for purchases and sales executed by the state purchasing and material control director and under the powers granted by RCW 43.19.190 through 43.19.1939. This requirement also applies to purchases and contracts for purchases and sales executed by agencies, including educational institutions, under delegated authority granted in accordance with provisions of RCW 43.19.190 or under RCW 28B.10.029. However, formal sealed, electronic, or web-based competitive bidding is not necessary for:

(1) Emergency purchases made pursuant to RCW 43.19.200 if the sealed bidding procedure would prevent or hinder the emergency from being met appropriately;

(2) Purchases not exceeding thirty-five thousand dollars, or subsequent limits as calculated by the office of financial management: PROVIDED, That the state director of general administration shall establish procedures to assure that purchases made by or on behalf of the various state agencies shall not be made so as to avoid the thirty-five thousand dollar bid limitation, or subsequent bid limitations as calculated by the office of financial management: PROVIDED FURTHER, That the state purchasing and material control director is authorized to reduce the formal sealed bid limits of thirty-five thousand dollars, or subsequent limits as calculated by the office of financial management, to a lower dollar amount for purchases by individual state agencies if considered necessary to maintain full disclosure of competitive procurement or otherwise to achieve overall state efficiency and economy in purchasing and material control. Quotations from three thousand dollars to thirty-five thousand dollars, or subsequent limits as calculated by the office of financial management, shall be secured from at least three vendors to assure establishment of a competitive price and may be obtained by telephone or written quotations, or both. The agency shall invite at least one quotation each from a certified minority and a certified women-owned vendor who shall otherwise qualify to perform such work. Immediately after the award is made, the bid quotations obtained shall be recorded and open to public inspection and shall be available by telephone inquiry. A record of competition for all such purchases from three thousand dollars to thirty-five thousand dollars, or subsequent limits as calculated by the office of financial management, shall be documented for audit purposes. Purchases up to three thousand dollars may be made without competitive bids

based on buyer experience and knowledge of the market in achieving maximum quality at minimum cost;

(3) Purchases which are clearly and legitimately limited to a single source of supply and purchases involving special facilities, services, or market conditions, in which instances the purchase price may be best established by direct negotiation;

(4) Purchases of insurance and bonds by the risk management division under RCW 43.41.310;

(5) Purchases and contracts for vocational rehabilitation clients of the department of social and health services: PROVIDED, That this exemption is effective only when the state purchasing and material control director, after consultation with the director of the division of vocational rehabilitation and appropriate department of social and health services procurement personnel, declares that such purchases may be best executed through direct negotiation with one or more suppliers in order to expeditiously meet the special needs of the state's vocational rehabilitation clients;

(6) Purchases by universities for hospital operation or biomedical teaching or research purposes and by the state purchasing and material control director, as the agent for state hospitals as defined in RCW 72.23.010, and for health care programs provided in state correctional institutions as defined in RCW 72.65.010(3) and veterans' institutions as defined in RCW 72.36.010 and 72.36.070, made by participating in contracts for materials, supplies, and equipment entered into by nonprofit cooperative hospital group purchasing organizations;

(7) Purchases for resale by institutions of higher education to other than public agencies when such purchases are for the express purpose of supporting instructional programs and may best be executed through direct negotiation with one or more suppliers in order to meet the special needs of the institution;

(8) Purchases by institutions of higher education not exceeding ~~((thirty-five))~~ one hundred thousand dollars: PROVIDED, That for purchases between ~~((three))~~ ten thousand dollars and ~~((thirty-five))~~ one hundred thousand dollars quotations shall be secured from at least three vendors to assure establishment of a competitive price and may be obtained by telephone or written quotations, or both. For purchases between ~~((three))~~ ten thousand dollars and ~~((thirty-five))~~ one hundred thousand dollars, each institution of higher education shall invite at least one quotation each from a certified minority and a certified women-owned vendor who shall otherwise qualify to perform such work. A record of competition for all such purchases made from ~~((three))~~ ten thousand to ~~((thirty-five))~~ one hundred thousand dollars shall be documented for audit purposes;

(9) Off-contract purchases of Washington grown food when such food is not available from Washington sources through an existing contract. However, Washington grown food purchased under this subsection must be of an equivalent or better quality than similar food available through the contract and be able to be paid from the agency's existing budget. This requirement also applies to purchases and contracts for purchases executed by state agencies, including institutions of higher education, under delegated authority granted in accordance with RCW 43.19.190 or under RCW 28B.10.029; and

(10) Negotiation of a contract by the department of transportation, valid until June 30, 2001, with registered tow truck operators to provide roving service patrols in one or more Washington state patrol tow zones whereby those registered tow truck operators wishing to participate would cooperatively, with the department of transportation, develop a demonstration project upon terms and conditions negotiated by the parties.

Beginning on July 1, 1995, and on July 1st of each succeeding odd-numbered year, the dollar limits specified in this section shall be adjusted as follows: The office of financial management shall calculate such limits by adjusting the previous biennium's limits by the appropriate federal inflationary index reflecting the rate of inflation for the previous biennium. Such amounts shall be rounded

to the nearest one hundred dollars. However, the three thousand dollar figure in subsection((s)) (2) (~~(and (8))~~) of this section may not be adjusted to exceed five thousand dollars.

As used in this section, "Washington grown" has the definition in RCW 15.64.060.

Sec. 15. RCW 43.88.160 and 2006 c 1 s 6 are each amended to read as follows:

This section sets forth the major fiscal duties and responsibilities of officers and agencies of the executive branch. The regulations issued by the governor pursuant to this chapter shall provide for a comprehensive, orderly basis for fiscal management and control, including efficient accounting and reporting therefor, for the executive branch of the state government and may include, in addition, such requirements as will generally promote more efficient public management in the state.

(1) Governor; director of financial management. The governor, through the director of financial management, shall devise and supervise a modern and complete accounting system for each agency to the end that all revenues, expenditures, receipts, disbursements, resources, and obligations of the state shall be properly and systematically accounted for. The accounting system shall include the development of accurate, timely records and reports of all financial affairs of the state. The system shall also provide for central accounts in the office of financial management at the level of detail deemed necessary by the director to perform central financial management. The director of financial management shall adopt and periodically update an accounting procedures manual. Any agency maintaining its own accounting and reporting system shall comply with the updated accounting procedures manual and the rules of the director adopted under this chapter. An agency may receive a waiver from complying with this requirement if the waiver is approved by the director. Waivers expire at the end of the fiscal biennium for which they are granted. The director shall forward notice of waivers granted to the appropriate legislative fiscal committees. The director of financial management may require such financial, statistical, and other reports as the director deems necessary from all agencies covering any period.

(2) Except as provided in chapter 43.88C RCW, the director of financial management is responsible for quarterly reporting of primary operating budget drivers such as applicable workloads, caseload estimates, and appropriate unit cost data. These reports shall be transmitted to the legislative fiscal committees or by electronic means to the legislative evaluation and accountability program committee. Quarterly reports shall include actual monthly data and the variance between actual and estimated data to date. The reports shall also include estimates of these items for the remainder of the budget period.

(3) The director of financial management shall report at least annually to the appropriate legislative committees regarding the status of all appropriated capital projects, including transportation projects, showing significant cost overruns or underruns. If funds are shifted from one project to another, the office of financial management shall also reflect this in the annual variance report. Once a project is complete, the report shall provide a final summary showing estimated start and completion dates of each project phase compared to actual dates, estimated costs of each project phase compared to actual costs, and whether or not there are any outstanding liabilities or unsettled claims at the time of completion.

(4) In addition, the director of financial management, as agent of the governor, shall:

(a) Develop and maintain a system of internal controls and internal audits comprising methods and procedures to be adopted by each agency that will safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies for accounting and financial controls. The system developed by the director shall

include criteria for determining the scope and comprehensiveness of internal controls required by classes of agencies, depending on the level of resources at risk.

Each agency head or authorized designee shall be assigned the responsibility and authority for establishing and maintaining internal audits following the standards of internal auditing of the institute of internal auditors;

(b) Make surveys and analyses of agencies with the object of determining better methods and increased effectiveness in the use of manpower and materials; and the director shall authorize expenditures for employee training to the end that the state may benefit from training facilities made available to state employees;

(c) Establish policies for allowing the contracting of child care services;

(d) Report to the governor with regard to duplication of effort or lack of coordination among agencies;

(e) Review any pay and classification plans, and changes thereunder, developed by any agency for their fiscal impact: PROVIDED, That none of the provisions of this subsection shall affect merit systems of personnel management now existing or hereafter established by statute relating to the fixing of qualifications requirements for recruitment, appointment, or promotion of employees of any agency. The director shall advise and confer with agencies including appropriate standing committees of the legislature as may be designated by the speaker of the house and the president of the senate regarding the fiscal impact of such plans and may amend or alter the plans, except that for the following agencies no amendment or alteration of the plans may be made without the approval of the agency concerned: Agencies headed by elective officials;

(f) Fix the number and classes of positions or authorized employee years of employment for each agency and during the fiscal period amend the determinations previously fixed by the director except that the director shall not be empowered to fix the number or the classes for the following: Agencies headed by elective officials;

(g) Adopt rules to effectuate provisions contained in (a) through (f) of this subsection.

(5) The treasurer shall:

(a) Receive, keep, and disburse all public funds of the state not expressly required by law to be received, kept, and disbursed by some other persons: PROVIDED, That this subsection shall not apply to those public funds of the institutions of higher learning which are not subject to appropriation;

(b) Receive, disburse, or transfer public funds under the treasurer's supervision or custody;

(c) Keep a correct and current account of all moneys received and disbursed by the treasurer, classified by fund or account;

(d) Coordinate agencies' acceptance and use of credit cards and other payment methods, if the agencies have received authorization under RCW 43.41.180;

(e) Perform such other duties as may be required by law or by regulations issued pursuant to this law.

It shall be unlawful for the treasurer to disburse public funds in the treasury except upon forms or by alternative means duly prescribed by the director of financial management. These forms or alternative means shall provide for authentication and certification by the agency head or the agency head's designee that the services have been rendered or the materials have been furnished; or, in the case of loans or grants, that the loans or grants are authorized by law; or, in the case of payments for periodic maintenance services to be performed on state owned equipment, that a written contract for such periodic maintenance services is currently in effect; and the treasurer shall not be liable under the treasurer's surety bond for erroneous or improper payments so made. When services are lawfully paid for in advance of full performance by any private individual or business entity other than equipment maintenance providers or as provided for by RCW 42.24.035, such individual or entity other than central stores

rendering such services shall make a cash deposit or furnish surety bond coverage to the state as shall be fixed in an amount by law, or if not fixed by law, then in such amounts as shall be fixed by the director of the department of general administration but in no case shall such required cash deposit or surety bond be less than an amount which will fully indemnify the state against any and all losses on account of breach of promise to fully perform such services. Except for institutions of higher education, no payments shall be made in advance for any equipment maintenance services to be performed more than twelve months after such payment. Any such bond so furnished shall be conditioned that the person, firm or corporation receiving the advance payment will apply it toward performance of the contract. The responsibility for recovery of erroneous or improper payments made under this section shall lie with the agency head or the agency head's designee in accordance with regulations issued pursuant to this chapter. Nothing in this section shall be construed to permit a public body to advance funds to a private service provider pursuant to a grant or loan before services have been rendered or material furnished.

(6) The state auditor shall:

(a) Report to the legislature the results of current post audits that have been made of the financial transactions of each agency; to this end the auditor may, in the auditor's discretion, examine the books and accounts of any agency, official, or employee charged with the receipt, custody, or safekeeping of public funds. Where feasible in conducting examinations, the auditor shall utilize data and findings from the internal control system prescribed by the office of financial management. The current post audit of each agency may include a section on recommendations to the legislature as provided in (c) of this subsection.

(b) Give information to the legislature, whenever required, upon any subject relating to the financial affairs of the state.

(c) Make the auditor's official report on or before the thirty- first of December which precedes the meeting of the legislature. The report shall be for the last complete fiscal period and shall include determinations as to whether agencies, in making expenditures, complied with the laws of this state. The state auditor is authorized to perform or participate in performance verifications and performance audits as expressly authorized by the legislature in the omnibus biennial appropriations acts or in the performance audit work plan approved by the joint legislative audit and review committee. The state auditor, upon completing an audit for legal and financial compliance under chapter 43.09 RCW or a performance verification, may report to the joint legislative audit and review committee or other appropriate committees of the legislature, in a manner prescribed by the joint legislative audit and review committee, on facts relating to the management or performance of governmental programs where such facts are discovered incidental to the legal and financial audit or performance verification. The auditor may make such a report to a legislative committee only if the auditor has determined that the agency has been given an opportunity and has failed to resolve the management or performance issues raised by the auditor. If the auditor makes a report to a legislative committee, the agency may submit to the committee a response to the report. This subsection (6) shall not be construed to authorize the auditor to allocate other than de minimis resources to performance audits except as expressly authorized in the appropriations acts or in the performance audit work plan. The results of a performance audit conducted by the state auditor that has been requested by the joint legislative audit and review committee must only be transmitted to the joint legislative audit and review committee.

(d) Be empowered to take exception to specific expenditures that have been incurred by any agency or to take exception to other practices related in any way to the agency's financial transactions and to cause such exceptions to be made a matter of public record, including disclosure to the agency concerned and to the director of

financial management. It shall be the duty of the director of financial management to cause corrective action to be taken within six months, such action to include, as appropriate, the withholding of funds as provided in RCW 43.88.110. The director of financial management shall annually report by December 31st the status of audit resolution to the appropriate committees of the legislature, the state auditor, and the attorney general. The director of financial management shall include in the audit resolution report actions taken as a result of an audit including, but not limited to, types of personnel actions, costs and types of litigation, and value of recouped goods or services.

(e) Promptly report any irregularities to the attorney general.

(f) Investigate improper governmental activity under chapter 42.40 RCW.

~~((g))~~ In addition to the authority given to the state auditor in this subsection (6), the state auditor is authorized to conduct performance audits identified in RCW 43.09.470. Nothing in this subsection (6) shall limit, impede, or restrict the state auditor from conducting performance audits identified in RCW 43.09.470.

(7) The joint legislative audit and review committee may:

(a) Make post audits of the financial transactions of any agency and management surveys and program reviews as provided for in chapter 44.28 RCW as well as performance audits and program evaluations. To this end the joint committee may in its discretion examine the books, accounts, and other records of any agency, official, or employee.

(b) Give information to the legislature or any legislative committee whenever required upon any subject relating to the performance and management of state agencies.

(c) Make a report to the legislature which shall include at least the following:

(i) Determinations as to the extent to which agencies in making expenditures have complied with the will of the legislature and in this connection, may take exception to specific expenditures or financial practices of any agencies; and

(ii) Such plans as it deems expedient for the support of the state's credit, for lessening expenditures, for promoting frugality and economy in agency affairs, and generally for an improved level of fiscal management.

Sec. 16. RCW 43.03.220 and 2011 c 5 s 902 are each amended to read as follows:

(1) Any part-time board, commission, council, committee, or other similar group which is established by the executive, legislative, or judicial branch to participate in state government and which functions primarily in an advisory, coordinating, or planning capacity shall be identified as a class one group.

(2) Absent any other provision of law to the contrary, no money beyond the customary reimbursement or allowance for expenses may be paid by or through the state to members of class one groups for attendance at meetings of such groups.

(3) Beginning July 1, 2010, through June 30, 2011, no person designated as a member of a class one board, commission, council, committee, or similar group may receive an allowance for subsistence, lodging, or travel expenses if the allowance cost is funded by the state general fund. Exceptions may be granted under section 605, chapter 3, Laws of 2010. Class one groups, when feasible, shall use an alternative means of conducting a meeting that does not require travel while still maximizing member and public participation and may use a meeting format that requires members to be physically present at one location only when necessary or required by law. Meetings that require a member's physical presence at one location must be held in state facilities whenever possible. Meetings conducted using private facilities must be approved by the director of the office of financial management, except for facilities provided free of charge. Meetings of class one groups affiliated with institutions of higher education do not require such approval.

(4) Beginning July 1, 2010, through June 30, 2011, class one groups that are funded by sources other than the state general fund are encouraged to reduce travel, lodging, and other costs associated with conducting the business of the group including use of other meeting formats that do not require travel.

Sec. 17. RCW 43.03.230 and 2011 c 5 s 903 are each amended to read as follows:

(1) Any agricultural commodity board or commission established pursuant to Title 15 or 16 RCW shall be identified as a class two group for purposes of compensation.

(2) Except as otherwise provided in this section, each member of a class two group is eligible to receive compensation in an amount not to exceed one hundred dollars for each day during which the member attends an official meeting of the group or performs statutorily prescribed duties approved by the chairperson of the group. A person shall not receive compensation for a day of service under this section if the person (a) occupies a position, normally regarded as full-time in nature, in any agency of the federal government, Washington state government, or Washington state local government; and (b) receives any compensation from such government for working that day.

(3) Compensation may be paid a member under this section only if it is authorized under the law dealing in particular with the specific group to which the member belongs or dealing in particular with the members of that specific group.

(4) Beginning July 1, 2010, through June 30, 2011, no person designated as a member of a class two board, commission, council, committee, or similar group may receive an allowance for subsistence, lodging, or travel expenses if the allowance cost is funded by the state general fund. Exceptions may be granted under section 605, chapter 3, Laws of 2010. Class two groups, when feasible, shall use an alternative means of conducting a meeting that does not require travel while still maximizing member and public participation and may use a meeting format that requires members to be physically present at one location only when necessary or required by law. Meetings that require a member's physical presence at one location must be held in state facilities whenever possible. Meetings conducted using private facilities must be approved by the director of the office of financial management, except for facilities provided free of charge. Meetings of class two groups affiliated with institutions of higher education do not require such approval.

(5) Beginning July 1, 2010, through June 30, 2011, class two groups that are funded by sources other than the state general fund are encouraged to reduce travel, lodging, and other costs associated with conducting the business of the group including use of other meeting formats that do not require travel.

Sec. 18. RCW 43.03.240 and 2011 c 5 s 904 are each amended to read as follows:

(1) Any part-time, statutory board, commission, council, committee, or other similar group which has rule-making authority, performs quasi judicial functions, has responsibility for the administration or policy direction of a state agency or program, or performs regulatory or licensing functions with respect to a specific profession, occupation, business, or industry shall be identified as a class three group for purposes of compensation.

(2) Except as otherwise provided in this section, each member of a class three group is eligible to receive compensation in an amount not to exceed fifty dollars for each day during which the member attends an official meeting of the group or performs statutorily prescribed duties approved by the chairperson of the group. A person shall not receive compensation for a day of service under this section if the person (a) occupies a position, normally regarded as full-time in nature, in any agency of the federal government, Washington state government, or Washington state local government; and (b) receives any compensation from such government for working that day.

(3) Compensation may be paid a member under this section only if it is authorized under the law dealing in particular with the specific

group to which the member belongs or dealing in particular with the members of that specific group.

(4) Beginning July 1, 2010, through June 30, 2011, no person designated as a member of a class three board, commission, council, committee, or similar group may receive an allowance for subsistence, lodging, or travel expenses if the allowance cost is funded by the state general fund. Exceptions may be granted under section 605, chapter 3, Laws of 2010. Class three groups, when feasible, shall use an alternative means of conducting a meeting that does not require travel while still maximizing member and public participation and may use a meeting format that requires members to be physically present at one location only when necessary or required by law. Meetings that require a member's physical presence at one location must be held in state facilities whenever possible. Meetings conducted using private facilities must be approved by the director of the office of financial management, except for facilities provided free of charge. Meetings of class three groups affiliated with institutions of higher education do not require such approval.

(5) Beginning July 1, 2010, through June 30, 2011, class three groups that are funded by sources other than the state general fund are encouraged to reduce travel, lodging, and other costs associated with conducting the business of the group including use of other meeting formats that do not require travel.

Sec. 19. RCW 43.03.250 and 2011 c 5 s 905 are each amended to read as follows:

(1) A part-time, statutory board, commission, council, committee, or other similar group shall be identified as a class four group for purposes of compensation if the group:

(a) Has rule-making authority, performs quasi-judicial functions, or has responsibility for the administration or policy direction of a state agency or program;

(b) Has duties that are deemed by the legislature to be of overriding sensitivity and importance to the public welfare and the operation of state government; and

(c) Requires service from its members representing a significant demand on their time that is normally in excess of one hundred hours of meeting time per year.

(2) Each member of a class four group is eligible to receive compensation in an amount not to exceed one hundred dollars for each day during which the member attends an official meeting of the group or performs statutorily prescribed duties approved by the chairperson of the group. A person shall not receive compensation for a day of service under this section if the person (a) occupies a position, normally regarded as full-time in nature, in any agency of the federal government, Washington state government, or Washington state local government; and (b) receives any compensation from such government for working that day.

(3) Compensation may be paid a member under this section only if it is authorized under the law dealing in particular with the specific group to which the member belongs or dealing in particular with the members of that specific group.

(4) Beginning July 1, 2010, through June 30, 2011, class four groups, when feasible, shall use an alternative means of conducting a meeting that does not require travel while still maximizing member and public participation and may use a meeting format that requires members to be physically present at one location only when necessary or required by law. Meetings that require a member's physical presence at one location must be held in state facilities whenever possible. Meetings conducted using private facilities must be approved by the director of the office of financial management, except for facilities provided free of charge. Meetings of class four groups affiliated with institutions of higher education do not require such approval.

Sec. 20. RCW 43.03.265 and 2011 c 5 s 906 are each amended to read as follows:

(1) Any part-time commission that has rule-making authority, performs quasi-judicial functions, has responsibility for the policy direction of a health profession credentialing program, and performs regulatory and licensing functions with respect to a health care profession licensed under Title 18 RCW shall be identified as a class five group for purposes of compensation.

(2) Except as otherwise provided in this section, each member of a class five group is eligible to receive compensation in an amount not to exceed two hundred fifty dollars for each day during which the member attends an official meeting of the group or performs statutorily prescribed duties approved by the chairperson of the group. A person shall not receive compensation for a day of service under this section if the person (a) occupies a position, normally regarded as full-time in nature, in any agency of the federal government, Washington state government, or Washington state local government; and (b) receives any compensation from such government for working that day.

(3) Compensation may be paid a member under this section only if it is necessarily incurred in the course of authorized business consistent with the responsibilities of the commission established by law.

(4) Beginning July 1, 2010, through June 30, 2011, no person designated as a member of a class five board, commission, council, committee, or similar group may receive an allowance for subsistence, lodging, or travel expenses if the allowance cost is funded by the state general fund. Exceptions may be granted under section 605, chapter 3, Laws of 2010. Class five groups, when feasible, shall use an alternative means of conducting a meeting that does not require travel while still maximizing member and public participation and may use a meeting format that requires members to be physically present at one location only when necessary or required by law. Meetings that require a member's physical presence at one location must be held in state facilities whenever possible. Meetings conducted using private facilities must be approved by the director of the office of financial management, except for facilities provided free of charge. Meetings of class five groups affiliated with institutions of higher education do not require such approval.

(5) Beginning July 1, 2010, through June 30, 2011, class five groups that are funded by sources other than the state general fund are encouraged to reduce travel, lodging, and other costs associated with conducting the business of the group including use of other meeting formats that do not require travel.

Sec. 21. 2010 c 3 s 602 (uncodified) is amended to read as follows:

(1) From March 17, 2010, until July 1, 2011, state agencies of the legislative, executive, and judicial branches shall not enter into any contracts or other agreements entered into for the acquisition of personal services not related to an emergency or other catastrophic event that requires government action to protect life or public safety.

(2) This section does not apply to personal services contracts or other agreements for the acquisition of personal services where the costs are funded exclusively from private or federal grants, where the costs are for tax and fee collection, where the costs are for revenue generation and auditing activities, where the costs are for the review and research conducted by the joint transportation committee pursuant to RCW 44.04.300, where the costs are necessary to receive or maintain federal funds by the state, or ~~((-in))~~ to institutions of higher education ~~((-where the costs are not funded from state funds or tuition))~~. This section also does not apply where costs are related to hearing officers, where costs are related to real estate appraisals or habitat assessments, where costs are related to carrying out a court order, or where costs are related to information technology contracts related to an information services board approved information technology project, or where costs are related to judicial information system technology projects.

(3) Exceptions to this section may be granted under section 605, chapter 3, Laws of 2010.

Sec. 22. 2010 c 3 s 603 (uncodified) is amended to read as follows:

(1) From March 17, 2010, until July 1, 2011, state agencies of the legislative, executive, and judicial branches shall not enter into any contracts or other agreements for the acquisition of any item of equipment the cost of which exceeds five thousand dollars and is not related to an emergency or other catastrophic event that requires government action to protect life or public safety.

(2) This section does not apply to the unemployment insurance program of the employment security department, to costs that are for tax and fee collection, for revenue generation and audit activities, or for receiving or maintaining federal funds by the state, or ~~((-in))~~ to institutions of higher education ~~((-to costs not funded from state funds or tuition))~~. This section also does not apply to costs that are funded exclusively from private or federal grants, or for equipment necessary to complete a project funded in the omnibus capital or transportation appropriation acts, or the operational divisions of the department of information services, or cost related to the continuation, renewal, or establishment of maintenance for existing computer software licensing and existing computer hardware, or for costs related to the judicial information system.

(3) Exceptions to this section may be granted under section 605, chapter 3, Laws of 2010.

Sec. 23. 2010 c 3 s 604 (uncodified) is amended to read as follows:

(1) State agencies of the legislative, executive, and judicial branches shall not make expenditures for the cost or reimbursement of out-of-state travel or out-of-state training by state employees where the travel or training is not related to an emergency or other catastrophic event that requires government action to protect life or public safety, or direct service delivery, and the travel or training occurs after March 17, 2010, and before July 1, 2011.

(2) This section does not apply to travel expenditures when the costs are funded exclusively from private or federal grants. This section does not apply to the unemployment insurance program of the employment security department, to costs that are for tax and fee collection, for revenue generation and audit activities, or for receiving or maintaining federal funds by the state, or ~~((-in))~~ to institutions of higher education ~~((-to costs not funded from state funds or tuition))~~. This section also does not apply to costs related to carrying out a court order or to costs to travel by air into Washington state from any airport located in a contiguous state of which the largest city is part of a metropolitan statistical area with a city located in Washington state, or to motor vehicle and parking costs for single day travel to a contiguous state or British Columbia, Canada.

(3) Exceptions to this section may be granted under section 605, chapter 3, Laws of 2010.

Sec. 24. 2010 1st sp.s. c 37 s 901 (uncodified) is amended to read as follows:

(1) From May 4, 2010, until July 1, 2011, state agencies of the legislative, executive, and judicial branches shall not establish new staff positions or fill vacant existing staff positions except as specifically authorized by this section.

(2) The following activities of state agencies are exempt from subsection (1) of this section:

(a) Direct custody, supervision, and patient care in corrections, juvenile rehabilitation, institutional care of veterans, the mentally ill, developmentally disabled, state hospitals, the special commitment center, and the schools for the blind and the deaf;

(b) Direct protective services to children and other vulnerable populations in the department of social and health services;

(c) Washington state patrol investigative services and field enforcement;

(d) Hazardous materials response and emergency cleanup;

(e) Emergency public health and patient safety response and the public health laboratory;

(f) Military operations and emergency management within the military department;

(g) Firefighting;

(h) Enforcement officers in the department of fish and wildlife, the liquor control board, the gambling commission, and the department of natural resources;

(i) Park rangers at the parks and recreation commission;

(j) Seasonal employment by natural resources agencies to the extent that employment levels do not exceed the prior fiscal year;

(k) Seasonal employment in the department of transportation maintenance programs to the extent that employment levels do not exceed the prior fiscal year;

(l) Employees hired on a seasonal basis by the department of agriculture for inspection and certification of agricultural products and for insect detection;

(m) Activities directly related to tax and fee collection, revenue generation, auditing, and recovery;

(n) In institutions of higher education, ((any positions directly related to academic programs, as well as positions not funded from state funds or tuition, positions that are filled by enrolled students at their own institution as student workers, positions in campus police and security, positions related to emergency management and response, and positions related to student health care and counseling)) all positions;

(o) Operations of the state lottery and liquor control board business enterprises;

(p) The unemployment insurance program of the employment security department; and

(q) Activities that are necessary to receive or maintain federal funds by the state.

(3) The exemptions specified in subsection (2) of this section do not require the establishment of new staff positions or the filling of vacant staff positions in the activities specified.

(4) Exceptions to this section may be granted under section 605 ~~((of this act))~~, chapter 3, Laws of 2010.

(5) Also exempted from this section are positions related to facility realignments in the department of corrections, positions related to the transfer of programs between state agencies assumed in ~~((this act))~~ chapter 3, Laws of 2010, and disability determination staff funded solely by federal funds.

Sec. 25. 2010 c 1 s 8 (uncodified) is amended to read as follows:

(1) Notwithstanding sections 1 through 5, chapter 1, Laws of 2010, institutions of higher education may grant a wage or salary increase for additional academic responsibilities during the summer quarter if the following conditions are met:

(a) The salary increase can be paid within existing resources; and

(b) The salary increase will not adversely impact the provision of client services.

(2) Notwithstanding sections 1 through 5, chapter 1, Laws of 2010, and provided that any increase is not funded from state funds, institutions of higher education may grant a wage or salary increase to critical academic personnel as needed for retention purposes where the loss of such personnel would be likely to result in a loss of grant or other funding.

(3) Any institution granting a wage or salary increase under this section from February 15, 2010, through June 30, 2011, shall submit a report to the fiscal committees of the legislature no later than July 31, 2011, detailing the positions for which salary increases were granted, the size of the increases, and the reasons for giving the increases.

NEW SECTION. Sec. 26. The following acts or parts of acts are each repealed:

(1) RCW 28B.10.920 (Performance agreements--Generally) and 2008 c 160 s 2;

(2) RCW 28B.10.921 (Performance agreements--Contents) and 2008 c 160 s 3; and

(3) RCW 28B.10.922 (Performance agreements--State committee-- Development of final proposals--Implementation--Updates) and 2008 c 160 s 4.

NEW SECTION. Sec. 27. (1) The office of financial management shall work with the department of personnel and the office of the secretary of state to review and develop a proposal to balance expenditures from the higher education personnel services fund and the archives and record management account with agency rates paid into these accounts. The office of financial management shall work with the department of personnel and the office of the secretary of state to develop a proposal for state agency rates paid into these accounts that equitably and reasonably reflect the actual cost of services provided to state agencies, including the appropriate allocation of agency overhead costs. The office of financial management shall seek and consider input from state agencies regarding charges for agency services supported from these accounts. By November 15, 2011, the office of financial management shall submit to the appropriate fiscal committees of the legislature a proposed rate structure for agency charges paid into the higher education personnel services fund and the archives and record management account.

(2) The office of financial management shall work with the appropriate state agencies as determined by the office of financial management, and the council of presidents to convene an interagency work group to develop and implement improved administration and management practices that enhance the efficiency and effectiveness of operations throughout higher education campuses. The council of presidents shall appoint a lead higher education institution to provide administrative support to the work group within that institution's current resources. The work group shall report to the legislature by November 15, 2012, and November 15, 2013, on its progress, anticipated outcomes, policy recommendations, and performance measures for demonstrating achievement of improved efficiencies and effectiveness.

NEW SECTION. Sec. 28. A new section is added to chapter 28B.76 RCW to read as follows:

(1) The board, the state board for community and technical colleges, the council of presidents, the four-year institutions of higher education, the private independent higher education institutions, and the private career schools shall collaborate to carry out the following goals:

(a) Increase the number of students who receive academic credit for prior learning and the number of students who receive credit for prior learning that counts towards their major or towards earning their degree, certificate, or credential, while ensuring that credit is awarded only for high quality, course-level competencies;

(b) Increase the number and type of academic credits accepted for prior learning in institutions of higher education, while ensuring that credit is awarded only for high quality, course-level competencies;

(c) Develop transparent policies and practices in awarding academic credit for prior learning;

(d) Improve prior learning assessment practices across the institutions of higher education;

(e) Create tools to develop faculty and staff knowledge and expertise in awarding credit for prior learning and to share exemplary policies and practices among institutions of higher education;

(f) Develop articulation agreements when patterns of credit for prior learning are identified for particular programs and pathways; and

(g) Develop outcome measures to track progress on the goals outlined in this section.

(2) The board shall convene the academic credit for prior learning work group.

(a) The work group must include the following members in addition to representation from the board:

- (i) The state board for community and technical colleges;
- (ii) The workforce training and education coordinating board;
- (iii) The council of presidents;
- (iv) Representatives from Washington institutions of higher education;
- (v) Representatives from faculty of two and four-year institutions of higher education;
- (vi) Representatives from private career schools; and
- (vii) Representatives from business and labor.

(b) The purpose of the work group is to coordinate and implement the goals in subsection (1) of this section.

(3) The board shall report progress on the goals and outcome measures annually by December 31st.

(4) For the purposes of this section, "prior learning" means the knowledge and skills gained through work and life experience; through military training and experience; and through formal and informal education and training from in-state and out-of-state institutions including foreign institutions.

NEW SECTION. Sec. 29. This act may be known and cited as the higher education opportunity act.

NEW SECTION. Sec. 30. Sections 21 through 26 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect immediately.

NEW SECTION. Sec. 31. The higher education coordinating board, the state board for community and technical colleges, and the council of presidents shall convene a work group, with representatives from higher education institutions, including faculty representatives, to develop a plan for creating common course numbering for all common lower division courses at all institutions of higher education. The plan shall include, but not be limited to the following: (1) Identification of key issues and barriers to implementing common course numbering; (2) cost estimates related to implementation of common course numbering; (3) faculty and staff time required for development and maintenance of common course numbering; (4) a definition of common courses; and (5) an implementation timeline. The plan shall be delivered to the higher education committees of the legislature and the governor by December 1, 2011."

Correct the title.

Representative Shea moved the adoption of amendment (732) to amendment (704).

On page 2, line 21 of the striking amendment, after "includes" strike all material through "sciences" on line 24 and insert "agriculture and natural resources, biology and biomedical sciences, computer and information sciences, engineering and engineering technologies, health professions and clinical sciences, mathematics and statistics, and physical sciences and science technologies"

On page 15, line 17 of the striking amendment, after "includes" strike all material through "disciplines" on line 20 and insert "agriculture and natural resources, biology and biomedical sciences, computer and information sciences, engineering and engineering technologies, health professions and clinical sciences, mathematics and statistics, and physical sciences and science technologies"

Representatives Shea, Carlyle and Shea (again) spoke in favor of the adoption of the amendment to the amendment.

Amendment (732) was adopted.

Representative Anderson moved the adoption of amendment (760) to amendment (704).

On page 15 of the proposed striking amendment, after line 31, insert the following:

"NEW SECTION. Sec. 8. Within existing resources, the Washington state institute of public policy, in consultation with the higher education coordinating board and the state board for community and technical colleges, shall conduct a study on student debt carrying capacity and compare this with state financial aid, tuition, and cost of attendance. The Washington state institute of public policy shall report its findings to the governor and the appropriate committees of the legislature by December 1, 2011."

Renumber the remaining sections consecutively and correct internal references accordingly.

Representative Anderson spoke in favor of the adoption of the amendment to the amendment.

Representative Carlyle spoke against the adoption of the amendment to the amendment.

Amendment (760) was not adopted.

Representative Anderson moved the adoption of amendment (742) to amendment (704).

On page 17, after line 15, insert the following:

"Sec. 9. RCW 28B.76.310 and 2004 c 275 s 15 are each amended to read as follows:

(1) The board, in consultation with the house of representatives and senate committees responsible for higher education, the respective fiscal committees of the house of representatives and senate, the office of financial management, the state board for community and technical colleges, and the state institutions of higher education, shall develop standardized methods and protocols for measuring the undergraduate and graduate educational costs for the state universities, regional universities, and community colleges, including but not limited to the costs of instruction, costs to provide degrees in specific fields, and costs for precollege remediation. The board shall require that, when reporting accountability data, the institutions of higher education do so in accord with these standardized methods and protocols.

(2) ~~((By December 1, 2004, the board must propose a schedule of regular cost study reports intended to meet the information needs of the governor's office and the legislature and the requirements of RCW 28B.76.300 and submit the proposed schedule to the higher education and fiscal committees of the house of representatives and the senate for their review.))~~ By December 1, 2012, and every four years thereafter, the board shall complete studies of the costs of instruction, the costs of degrees in specific fields, the costs of precollege remediation, and the costs of attendance and shall report the same to the governor and the appropriate committees of the legislature.

(3) The institutions of higher education shall participate in the development of cost study methods and shall provide all necessary data in a timely fashion consistent with the protocols developed."

Renumber the remaining sections consecutively and correct internal references accordingly.

Representative Anderson spoke in favor of the adoption of the amendment to the amendment.

Representative Carlyle spoke against the adoption of the amendment to the amendment.

Amendment (742) was not adopted.

Representative Anderson moved the adoption of amendment (721) to amendment (704).

On page 19, after line 16, insert the following:

"**Sec. 10.** RCW 28A.600.390 and 1994 c 205 s 10 are each amended to read as follows:

(1) The superintendent of public instruction, the state board for community and technical colleges, and the higher education coordinating board shall jointly develop and adopt rules governing RCW 28A.600.300 through 28A.600.380, if rules are necessary. The rules shall be written to encourage the maximum use of the program and shall not narrow or limit the enrollment options under RCW 28A.600.300 through 28A.600.380.

(2) High school dual credit programs, including but not limited to running start and advanced placement, shall be integrated to the greatest extent possible and the top quintile of achievers in these programs shall be given first preference for lower division course placement and financial aid by institutions of higher education."

Renumber the remaining sections consecutively and correct any internal references accordingly.

Representative Anderson spoke in favor of the adoption of the amendment to the amendment.

Representative Carlyle spoke against the adoption of the amendment to the amendment.

Amendment (721) was not adopted.

Representative Anderson moved the adoption of amendment (718) to amendment (704).

On page 23, after line 13, insert the following:

"**Sec. 12.** RCW 28B.10.029 and 2010 c 61 s 1 are each amended to read as follows:

(1)(a) An institution of higher education may exercise independently those powers otherwise granted to the director of general administration in chapter 43.19 RCW in connection with the purchase and disposition of all material, supplies, services, and equipment needed for the support, maintenance, and use of the respective institution of higher education.

(b) Property disposition policies followed by institutions of higher education shall be consistent with policies followed by the department of general administration.

(c) Purchasing policies and procedures followed by institutions of higher education shall be in compliance with chapters 39.19, 39.29, and 43.03 RCW, and RCW 43.19.1901, 43.19.1906, 43.19.1911, 43.19.1917, 43.19.1937, 43.19.534, 43.19.685, 43.19.700 through 43.19.704, and 43.19.560 through 43.19.637.

(d) Purchases under chapter 39.29, 43.19, or 43.105 RCW by institutions of higher education may be made by using contracts for materials, supplies, services, or equipment negotiated or entered into by, for, or through group purchasing organizations.

(e) The community and technical colleges shall comply with RCW 43.19.450.

(f) Except for the University of Washington, institutions of higher education shall comply with RCW 43.41.310, 43.41.290, and 43.41.350.

(g) If an institution of higher education can satisfactorily demonstrate to the director of the office of financial management that the cost of compliance is greater than the value of benefits from any of the following statutes, then it shall be exempt from them: RCW 43.19.685, 43.19.534, and 43.19.637.

(h) Any institution of higher education that chooses to exercise independent purchasing authority for a commodity or group of commodities shall notify the director of general administration. Thereafter the director of general administration shall not be required to provide those services for that institution for the duration of the

general administration contract term for that commodity or group of commodities.

(2) The council of presidents and the state board for community and technical colleges shall convene its correctional industries business development advisory committee, and work collaboratively with correctional industries, to:

(a) Reaffirm purchasing criteria and ensure that quality, service, and timely delivery result in the best value for expenditure of state dollars;

(b) Update the approved list of correctional industries products from which higher education shall purchase; and

(c) Develop recommendations on ways to continue to build correctional industries' business with institutions of higher education.

(3) Higher education and correctional industries shall develop a plan to build higher education business with correctional industries to increase higher education purchases of correctional industries products, based upon the criteria established in subsection (2) of this section. The plan shall include the correctional industries' production and sales goals for higher education and an approved list of products from which higher education institutions shall purchase, based on the criteria established in subsection (2) of this section. Higher education and correctional industries shall report to the legislature regarding the plan and its implementation no later than January 30, 2005.

(4) Institutions of higher education shall set as a target to contract, beginning not later than June 30, 2006, to purchase one percent of the total goods and services required by the institutions each year produced or provided in whole or in part from class II inmate work programs operated by the department of corrections. Institutions of higher education shall set as a target to contract, beginning not later than June 30, 2008, to purchase two percent of the total goods and services required by the institutions each year produced or provided in whole or in part from class II inmate work programs operated by the department of corrections.

(5) An institution of higher education may exercise independently those powers otherwise granted to the public printer in chapter 43.78 RCW in connection with the production or purchase of any printing and binding needed by the respective institution of higher education. Purchasing policies and procedures followed by institutions of higher education shall be in compliance with chapter 39.19 RCW. Any institution of higher education that chooses to exercise independent printing production or purchasing authority shall notify the public printer. Thereafter the public printer shall not be required to provide those services for that institution.

(6) Cost savings achieved by joint, binding, shared cost-savings agreements between any four or more combination of two and four-year institutions of higher education shall be retained by the individual institutions."

Renumber the remaining sections consecutively and correct any internal references accordingly.

Representative Anderson spoke in favor of the adoption of the amendment to the amendment.

Representative Carlyle spoke against the adoption of the amendment to the amendment.

Amendment (718) was not adopted.

Representative Anderson moved the adoption of amendment (759) to amendment (704).

On page 23, after line 13, insert the following:

"NEW SECTION. Sec. 12. A new section is added to chapter 28B.10 RCW to read as follows:

(1) In consultation with the public institutions of higher education, the higher education coordinating board shall select a

single rising juniors test to be used by all of the institutions of higher education. The first rising juniors test shall be administered in the winter of 2013. Thereafter, the rising juniors test shall be administered several times each year.

(2) All students pursuing a baccalaureate degree at any institution of higher education must take the rising juniors test. A student must have at least sixty and should have no more than ninety quarter credits, or the equivalent semester credits, at the time of testing.

(3) Students with ninety or more quarter credits, or the equivalent semester credits, who have not tested at the time of course registration, may not enroll in upper division coursework. Rising juniors test results may not prevent a student from taking upper division coursework.

(4) Students scoring in the top quintile of the rising juniors test must receive first preference for placement in upper division coursework and for the advanced higher education loan program."

Renumber the remaining sections consecutively and correct any internal references accordingly.

Representative Anderson spoke in favor of the adoption of the amendment to the amendment.

Representative Seaquist spoke against the adoption of the amendment to the amendment.

Amendment (759) was not adopted.

Representative Anderson moved the adoption of amendment (763) to amendment (704).

On page 23, after line 13, insert the following:

"NEW SECTION. Sec. 12. It is the intent of the legislature to support a robust and diversified economy with a well-trained and educated workforce. It is also the intent of the legislature to help enable individuals who receive their postsecondary education in Washington to find employment and remain in the state upon graduation. Further, in order for Washington business to prosper in a highly competitive global economy, business must have the necessary employee talent, and it is the intent of the legislature to help business meet its employment needs through the Washington higher education internship program.

NEW SECTION. Sec. 13. A qualifying internship must meet the following requirements:

(1) A written plan for the internship experience must be developed and approved jointly by the intern, a representative on behalf of the institution of higher education, and a representative of the participating employer.

(2) The intern must be:

(a) An undergraduate with at least ninety quarter credits, or the equivalent semester credits, or a graduate student; and

(b) Currently enrolled in an institution of higher education in the state of Washington.

(3) The plan must:

(a) Provide the intern with the opportunity to learn current practices in business, industry, or government;

(b) Identify the skills and knowledge that will be enhanced and any practical applications of those skills and knowledge in the intern's major or career field; and

(c) Indicate that the internship is directly related to the intern's major or career field.

(4) Upon completion of the internship, the intern shall submit to the institution of higher education a report that includes the following information:

(a) A summary evaluation of the internship experience, prepared and signed by the intern; and

(b) A summary evaluation of the intern's experience, prepared and signed by a representative of the participating employer.

(5) Upon receipt of the report in subsection (4) of this section, the institution of higher education must provide written certification to the department of revenue and the participating employer as to whether the internship meets the qualifying requirements.

NEW SECTION. Sec. 14. A new section is added to chapter 82.04 RCW to read as follows:

(1) In computing the tax imposed under this chapter, a credit is allowed to participants in the Washington higher education internship program created in section 16 of this act for wages and benefits paid to interns in qualifying internships.

(2) The credit allowed under this section is equal to eighty-five percent of the value of a participant's payments of wages and benefits to interns in qualifying internships. Internship wage and benefit calculations shall not exceed the state median entry level wage as determined by the employment security department. If an internship does not meet the requirements of section 202 of this act, the participant must remit to the department the value of any credits taken plus interest. The credit earned by a participant in one calendar year may be carried over to be credited against taxes incurred in the subsequent six calendar years.

(3) A person claiming the credit provided in this section must file a complete annual survey with the department under RCW 82.32.585."

Renumber the remaining sections consecutively and correct any internal references accordingly.

On page 45, after line 28, insert the following:

"NEW SECTION. Sec. 29. Sections 12 and 13 of this act constitute a new chapter in Title 28B RCW."

Renumber the remaining sections consecutively and correct any internal references accordingly.

Representative Anderson spoke in favor of the adoption of the amendment to the amendment.

Representative Carlyle spoke against the adoption of the amendment to the amendment.

Amendment (763) was not adopted.

Representative Anderson moved the adoption of amendment (717) to amendment (704).

On page 24, after line 2 of the striking amendment, insert the following:

"NEW SECTION. Sec. 13. The legislature finds that too many students entering college are unprepared and must take learning content, such as remedial math, English, and civics that they should have learned in high school. There are considerable financial and time costs to the students that are associated with having to take remedial coursework in college. Students enrolled in remedial courses are more likely to leave college before earning a degree or certificate. Furthermore, such students may be deterred from pursuing some programs of study or careers. There are also considerable financial costs to the state and the institutions of higher education.

Sec. 14. RCW 28B.10.685 and 1995 c 310 s 3 are each amended to read as follows:

Beginning in 1997, by September 30th of each year, each state university, regional university, state college, and, for community colleges and technical colleges, the state board for community and technical colleges shall provide a report to the office of the superintendent of public instruction, the state board of education, and the commission on student learning under RCW 28A.630.885. The report shall contain the following information on students who, within

three years of graduating from a Washington high school, enrolled the prior year in a state-supported precollege level class at the institution: (1) The number of such students enrolled in a precollege level class in mathematics, reading, grammar, spelling, writing, or English; (2) the types of precollege classes in which each student was enrolled; and (3) the name of the Washington high school from which each student graduated.

For students who enrolled in a precollege class within three years of graduating from a Washington high school, each institution of higher education shall also report to the Washington high school from which the student graduated. The annual report shall include information on the number of students from that high school enrolled in precollege classes, and the types of classes taken by the students.

For each student who enrolled in a precollege class within three years of graduating from a Washington high school, an institution of higher education may establish and charge the respective Washington school district for the cost of instruction of the precollege class."

Renumber the remaining sections consecutively and correct any internal references accordingly.

Representative Anderson spoke in favor of the adoption of the amendment to the amendment.

Representative Carlyle spoke against the adoption of the amendment to the amendment.

Amendment (717) was not adopted.

Representative Anderson moved the adoption of amendment (715) to amendment (704).

On page 26 of the proposed striking amendment, after line 10 insert the following:

"NEW SECTION. Sec. 12. A new section is added to chapter 82.32 RCW to read as follows:

Ten percent of all revenues collected under chapter 82.04 RCW shall be deposited in the education legacy trust account created in RCW 83.100.230.

Sec. 13. RCW 83.100.230 and 2010 1st sp.s. c 37 s 953 are each amended to read as follows:

The education legacy trust account is created in the state treasury. Money in the account may be spent only after appropriation. Expenditures from the account may be used only for deposit into the *student achievement fund and for expanding access to higher education through funding for new enrollments and financial aid, and other educational improvement efforts. ~~((During the 2009-2011 fiscal biennium, moneys in the account may also be transferred into the state general fund.))~~ Money deposited into the education legacy trust account pursuant to section 12 of this act may be used only for purposes of the state need grant."

Renumber the remaining sections consecutively and correct internal references accordingly.

Representative Anderson spoke in favor of the adoption of the amendment to the amendment.

Representative Seaquist spoke against the adoption of the amendment to the amendment.

Amendment (715) was not adopted.

Representative Warnick moved the adoption of amendment (731) to amendment (704).

On page 45, after line 28 of the amendment, insert the following:

"NEW SECTION. Sec. 29. (1) The legislature finds that the methods of providing funds to four-year public institutions of higher education are based upon factors such as prior years' budget provisos and inaccurate assumptions about the number of full-time equivalent enrollments. The bases for these funding assumptions have grown disconnected to legislative expectations and lack transparency and accountability.

(2) A joint select legislative task force on the baccalaureate funding formula is established. The task force shall consist of the following members:

(a) Two members from each caucus of the senate appointed by the president of the senate, two of the members must be members of the ways and means committee and two must be members of the higher education and workforce development committee; and

(b) Two members from each caucus of the house of representatives appointed by the speaker of the house of representatives, two of the members must be members of the ways and means committee and two must be members of the higher education committee.

(3) The task force shall:

(a) Review statutes and budget provisos which govern public institutions offering baccalaureate degrees;

(b) Specify the range of public interests and outcomes which are served by public expenditures for higher education services;

(c) Review the basis for the state funding of public institutions offering baccalaureate degrees; and

(d) Prepare and approve a recommended state operating budget method which offers greater efficacy, transparency, and accountability for baccalaureate institutions which receive public funds.

(4) The task force shall use legislative facilities, and staff support shall be provided by senate committee services and the house office of program research. The meetings of the task force shall be planned for times which coincide with regular meetings of legislative committees to the maximum extent possible.

(5) Members of the task force shall not be reimbursed for travel expenses.

(6) The task force shall report its findings and recommendations to the governor and appropriate committees of the legislature by January 16, 2012.

(7) This section expires June 30, 2012."

Renumber the remaining sections consecutively, correct any internal references accordingly, and correct the title.

Representatives Warnick, Haler and Carlyle spoke in favor of the adoption of the amendment to the amendment.

Amendment (731) was adopted.

Representative Haler spoke in favor of the adoption of amendment (704) as amended.

Amendment (704) was adopted as amended.

The bill was ordered engrossed.

There being no objection, the rules were suspended, the second reading considered the third and the bill was placed on final passage.

Representatives Carlyle, Haler, Seaquist, Hinkle, Seaquist (again) and Alexander spoke in favor of the passage of the bill.

Representatives Anderson, Zeiger, Miloscia and Hasegawa spoke against the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Second Substitute House Bill No. 1795.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute House Bill No. 1795, and the bill passed the House by the following vote: Yeas, 79; Nays, 17; Absent, 0; Excused, 2.

Voting yea: Representatives Ahern, Alexander, Angel, Appleton, Asay, Bailey, Billig, Blake, Carlyle, Clibborn, Cody, Condotta, Crouse, Dahlquist, Dammeier, Darneille, DeBolt, Dickerson, Dunshee, Eddy, Fagan, Finn, Fitzgibbon, Frockt, Goodman, Green, Haigh, Haler, Hargrove, Harris, Hinkle, Hudgins, Hunt, Hunter, Jinkins, Johnson, Kagi, Kelley, Kenney, Kirby, Klippert, Kretz, Kristiansen, Ladenburg, Lytton, Maxwell, McCoy, Moeller, Morris, Moscoso, Nealey, Ormsby, Orwall, Pedersen, Pettigrew, Probst, Reykdal, Roberts, Rodne, Rolfes, Ross, Ryu, Schmick, Seaquist, Sells, Shea, Short, Smith, Springer, Stanford, Sullivan, Takko, Tharinger, Van De Wege, Walsh, Warnick, Wilcox, Zeiger and Mr. Speaker.

Voting nay: Representatives Anderson, Armstrong, Buys, Chandler, Hasegawa, Hope, Lias, Miloscia, Orcutt, Overstreet, Parker, Pearson, Rivers, Santos, Taylor, Upthegrove and Wylie.

Excused: Representatives Hurst and McCune.

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1795, having received the necessary constitutional majority, was declared passed.

HOUSE BILL NO. 2069, by Representative Cody

Concerning hospital payments.

The bill was read the second time.

Representative Cody moved the adoption of amendment (707).

On page 3, line 1, after "one hundred" strike "eighty-nine" and insert "ninety-nine"

Representative Kretz moved the adoption of amendment (752).

On page 1, line 2 of the amendment, strike "ninety-nine" and insert "fifty-nine"

Representatives Kretz and Ross spoke in favor of the adoption of the amendment.

Representative Hunter spoke against the adoption of the amendment.

Division was demanded and the demand was sustained. The Speaker (Representative Moeller presiding) divided the House. The result was 42 - YEAS; 54 - NAYS.

Amendment (752) was not adopted.

Being drawn to amendment (752), amendment (740) was ruled out of order.

Representative Cody spoke in favor of the adoption of amendment (707).

Representative Schmick spoke against the adoption of amendment (707).

Division was demanded and the demand was sustained. The Speaker (Representative Moeller presiding) divided the House. The result was 53 - YEAS; 43 - NAYS.

Amendment (707) was adopted.

The bill was ordered engrossed.

There being no objection, the rules were suspended, the second reading considered the third and the bill was placed on final passage.

Representatives Cody and Hunter spoke in favor of the passage of the bill.

Representatives Schmick and Hinkle spoke against the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed House Bill No. 2069.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed House Bill No. 2069, and the bill passed the House by the following vote: Yeas, 52; Nays, 44; Absent, 0; Excused, 2.

Voting yea: Representatives Appleton, Billig, Blake, Carlyle, Clibborn, Cody, Darneille, Dickerson, Dunshee, Eddy, Finn, Fitzgibbon, Frockt, Goodman, Green, Haigh, Hasegawa, Hudgins, Hunt, Hunter, Jinkins, Kagi, Kenney, Kirby, Ladenburg, Lytton, Maxwell, McCoy, Miloscia, Moeller, Morris, Moscoso, Ormsby, Orwall, Pedersen, Pettigrew, Probst, Reykdal, Roberts, Rolfes, Ryu, Santos, Seaquist, Sells, Springer, Stanford, Sullivan, Takko, Tharinger, Upthegrove, Van De Wege and Mr. Speaker.

Voting nay: Representatives Ahern, Alexander, Anderson, Angel, Armstrong, Asay, Bailey, Buys, Chandler, Condotta, Crouse, Dahlquist, Dammeier, DeBolt, Fagan, Haler, Hargrove, Harris, Hinkle, Hope, Johnson, Kelley, Klippert, Kretz, Kristiansen, Lias, Nealey, Orcutt, Overstreet, Parker, Pearson, Rivers, Rodne, Ross, Schmick, Shea, Short, Smith, Taylor, Walsh, Warnick, Wilcox, Wylie and Zeiger.

Excused: Representatives Hurst and McCune.

ENGROSSED HOUSE BILL NO. 2069, having received the necessary constitutional majority, was declared passed.

HOUSE BILL NO. 1131, by Representative Haigh

Regarding student achievement fund allocations.

The bill was read the second time.

Representative Anderson moved the adoption of amendment (741).

On page 1, line 19, after "shall be" strike all material through "student" on page 2, line 4 and insert "((adjusted for inflation by the implicit price deflator as published by the federal bureau of labor statistics. However, for the 2009-10 and 2010-11 school years, the amount allocated per full-time equivalent student shall be))"

Representative Anderson spoke in favor of the adoption of the amendment.

Representative Hunter spoke against the adoption of the amendment.

Amendment (741) was not adopted.

There being no objection, the rules were suspended, the second reading considered the third and the bill was placed on final passage.

Representatives Hunter and Dammeier spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of House Bill No. 1131.

ROLL CALL

The Clerk called the roll on the final passage of House Bill No. 1131, and the bill passed the House by the following vote: Yeas, 71; Nays, 25; Absent, 0; Excused, 2.

Voting yea: Representatives Alexander, Anderson, Appleton, Armstrong, Billig, Blake, Buys, Carlyle, Clibborn, Cody, Dammeier, Darneille, Dickerson, Dunshee, Eddy, Finn, Fitzgibbon, Frockt, Green, Haigh, Haler, Hasegawa, Hinkle, Hudgins, Hunt, Hunter, Jinkins, Johnson, Kagi, Kelley, Kenney, Kirby, Klippert, Ladenburg, Lytton, Maxwell, McCoy, Miloscia, Moeller, Morris, Moscoso, Nealey, Orcutt, Ormsby, Orwall, Overstreet, Parker, Pedersen, Pettigrew, Probst, Reykdal, Roberts, Rolfes, Ross, Ryu, Santos, Schmick, Seaquist, Sells, Springer, Stanford, Sullivan, Takko, Tharinger, Upthegrove, Van De Wege, Walsh, Warnick, Wilcox, Zeiger and Mr. Speaker.

Voting nay: Representatives Ahern, Angel, Asay, Bailey, Chandler, Condotta, Crouse, Dahlquist, DeBolt, Fagan, Goodman, Hargrove, Harris, Hope, Kretz, Kristiansen, Liias, Pearson, Rivers, Rodne, Shea, Short, Smith, Taylor and Wylie.

Excused: Representatives Hurst and McCune.

HOUSE BILL NO. 1131, having received the necessary constitutional majority, was declared passed.

HOUSE BILL NO. 1132, by Representative Haigh

Regarding reducing compensation for educational and academic employees.

The bill was read the second time.

There being no objection, Second Substitute House Bill No. 1132 was substituted for House Bill No. 1132 and the second substitute bill was placed on the second reading calendar.

SECOND SUBSTITUTE HOUSE BILL NO. 1132 was read the second time.

Representative Anderson moved the adoption of amendment (749).

On page 1, line 9, after "section" insert "subject to the availability of amounts appropriated for this specific purpose"

On page 1, line 14, after "school year," strike all material through "years," on line 15 and insert "~~((except for the 2009-10 and 2010-11 school years.))~~"

On page 3, line 1, after "section" insert "subject to the availability of amounts appropriated for this specific purpose"

On page 3, line 20, after "fiscal year" strike all material through "years," on line 21 and insert "~~((except for the 2009-10 and 2010-11 fiscal years.))~~"

On page 4, line 7, after "section" insert "subject to the availability of amounts appropriated for this specific purpose"

On page 4, line 28, after "fiscal year" strike all material through "years," on line 29 and insert "~~((except for the 2009-10 and 2010-11 fiscal years.))~~"

On page 5, line 19, after "shall" strike all material through "bonus shall" on line 21 and insert "~~((increase by inflation. For the 2009-10 and 2010-11 school years the annual bonus shall))~~"

Representative Anderson spoke in favor of the adoption of the amendment.

Representative Hunter spoke against the adoption of the amendment.

Amendment (749) was not adopted.

There being no objection, the rules were suspended, the second reading considered the third and the bill was placed on final passage.

Representatives Hunter, Dammeier and Miloscia spoke in favor of the passage of the bill.

Representative Angel spoke against the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 1132.

ROLL CALL

The Clerk called the roll on the final passage of Second Substitute House Bill No. 1132, and the bill passed the House by the following vote: Yeas, 64; Nays, 32; Absent, 0; Excused, 2.

Voting yea: Representatives Alexander, Anderson, Appleton, Billig, Blake, Buys, Carlyle, Clibborn, Cody, Dammeier, Darneille, Dickerson, Dunshee, Eddy, Finn, Fitzgibbon, Frockt, Goodman, Green, Haigh, Hasegawa, Hudgins, Hunt, Hunter, Jinkins, Johnson, Kagi, Kelley, Kenney, Ladenburg, Lytton, Maxwell, McCoy, Miloscia, Moeller, Morris, Moscoso, Nealey, Orcutt, Ormsby, Orwall, Overstreet, Pedersen, Pettigrew, Probst, Reykdal, Roberts, Rolfes, Ross, Ryu, Santos, Seaquist, Sells, Springer, Stanford, Sullivan, Takko, Tharinger, Upthegrove, Van De Wege, Walsh, Warnick, Wilcox and Mr. Speaker.

Voting nay: Representatives Ahern, Angel, Armstrong, Asay, Bailey, Chandler, Condotta, Crouse, Dahlquist, DeBolt, Fagan, Haler, Hargrove, Harris, Hinkle, Hope, Kirby, Klippert, Kretz, Kristiansen, Liias, Parker, Pearson, Rivers, Rodne, Schmick, Shea, Short, Smith, Taylor, Wylie and Zeiger.

Excused: Representatives Hurst and McCune.

SECOND SUBSTITUTE HOUSE BILL NO. 1132, having received the necessary constitutional majority, was declared passed.

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5596, by Senate Committee on Ways & Means (originally sponsored by Senators Parlette, Zarelli, Becker and Hewitt)

Requiring the department of social and health services to submit a demonstration waiver request to revise the federal medicaid program.

The bill was read the second time.

Representative Cody moved the adoption of amendment (733).

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. The legislature finds that mounting budget pressures combined with growth in enrollment and constraints in the medicaid program have forced open discussion throughout the country and in our state concerning complete withdrawal from the medicaid program. The legislature recognizes that a better and more sustainable way forward would involve new state flexibility for managing its medicaid program built on the success of the basic health plan and Washington's transitional bridge waiver, where elements of consumer participation and choice, benefit design flexibility, and payment flexibility have helped keep costs low. The legislature further finds that either a centers for medicare and medicaid services' innovation center project or a section 1115 demonstration project, or both, with capped eligibility group per capita payments would allow the state to operate as a laboratory of innovation for bending the cost curve, preserving the safety net, and improving the management of care for low-income populations.

NEW SECTION. Sec. 2. A new section is added to chapter 74.09 RCW to read as follows:

(1) By October 1, 2011, the department shall submit a request to the centers for medicare and medicaid services' innovation center and, if necessary, a request under section 1115 of the social security act, to implement a medicaid and state children's health insurance program demonstration project. The demonstration project shall be designed to achieve the broadest federal financial participation and, to the extent permitted under federal law, shall authorize:

(a) Establishment of base-year, eligibility group per capita payments, with maximum flexibility provided to the state for managing the health care trend and provisions for shared savings if per capita expenditures are below the negotiated rates. The capped eligibility group per capita payments shall: (i) Be based on targeted per capita costs for the full duration of the demonstration period; (ii) include due consideration and flexibility for unforeseen events, changes in the delivery of health care, and changes in federal or state law; and (iii) take into account the effect of the federal patient protection and affordable care act on federal resources devoted to medicaid and state children's health insurance programs. Federal payments for each eligibility group shall be based on the product of the negotiated per capita payments for the eligibility group multiplied by the actual caseload for the eligibility group;

(b) Coverage of benefits determined to be essential health benefits under section 1302(b) of the federal patient protection and affordable care act, 42 U.S.C. 18022(b), with coverage of benefits in addition to the essential health benefits as appropriate for distinct categories of enrollees such as children, pregnant women, individuals with disabilities, and elderly adults.

(c) Limited, reasonable, and enforceable cost sharing and premiums to encourage informed consumer behavior and appropriate utilization of health services, while ensuring that access to evidence-based, preventative and primary care is not hindered;

(d) Streamlined eligibility determinations;

(e) Innovative reimbursement methods such as bundled, global, and risk-bearing payment arrangements, that promote effective purchasing, efficient use of health services, and support health homes, accountable care organizations, and other innovations intended to contain costs, improve health, and incent smart consumer decision making;

(f) Clients to voluntarily enroll in the insurance exchange, and broadened enrollment in employer-sponsored insurance when available and deemed cost-effective for the state, with authority to require clients to remain enrolled in their chosen plan for the calendar year;

(g) An expedited process of forty-five days or less in which the centers for medicare and medicaid services must respond to any state request for changes to the demonstration project once it is implemented to ensure that the state has the necessary flexibility to manage within its eligibility group per capita payment caps; and

(h) The development of an alternative payment methodology for federally qualified health centers and rural health clinics that enables capitated or global payment of enhanced payments.

(2) The department shall provide status reports to the joint legislative select committee on health reform implementation as requested by the committee.

(3) The department shall provide multiple opportunities for stakeholders and the general public to review and comment on the request as it developed.

(4) The department shall identify changes to state law necessary to ensure successful and timely implementation of the demonstration project."

Correct the title.

Representatives Cody and Schmick spoke in favor of the adoption of the amendment.

Amendment (733) was adopted.

There being no objection, the rules were suspended, the second reading considered the third and the bill, as amended by the House, was placed on final passage.

Representatives Cody and Schmick spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Second Substitute Senate Bill No. 5596, as amended by the House.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute Senate Bill No. 5596, as amended by the House, and the bill passed the House by the following vote: Yeas, 96; Nays, 0; Absent, 0; Excused, 2.

Voting yea: Representatives Ahern, Alexander, Anderson, Angel, Appleton, Armstrong, Asay, Bailey, Billig, Blake, Buys, Carlyle, Chandler, Clibborn, Cody, Condotta, Crouse, Dahlquist, Dammeier, Darneille, DeBolt, Dickerson, Dunshee, Eddy, Fagan, Finn, Fitzgibbon, Frockt, Goodman, Green, Haigh, Haler, Hargrove, Harris, Hasegawa, Hinkle, Hope, Hudgins, Hunt, Hunter, Jinkins, Johnson, Kagi, Kelley, Kenney, Kirby, Klippert, Kretz, Kristiansen, Ladenburg, Liias, Lytton, Maxwell, McCoy, Miloscia, Moeller, Morris, Moscoso, Nealey, Orcutt, Ormsby, Orwall, Overstreet, Parker, Pearson, Pedersen, Pettigrew, Probst, Reykdal, Rivers, Roberts, Rodne, Rolfes, Ross, Ryu, Santos, Schmick, Seaquist, Sells, Shea, Short, Smith, Springer, Stanford, Sullivan, Takko, Taylor, Tharinger, Upthegrove, Van De Wege, Walsh, Warnick, Wilcox, Wylie, Zeiger and Mr. Speaker.

Excused: Representatives Hurst and McCune.

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5596, as amended by the House, having received the necessary constitutional majority, was declared passed.

ENGROSSED SUBSTITUTE SENATE BILL NO. 5927, by Senate Committee on Ways & Means (originally sponsored by Senators Keiser and Pflug)

Limiting payments for health care services provided to low-income enrollees in state purchased health care programs.

The bill was read the second time.

There being no objection, the committee amendment by the Committee on Ways & Means was adopted. (For Committee amendment, see Journal, Day 10, May 5, 2011).

There being no objection, the rules were suspended, the second reading considered the third and the bill, as amended by the House, was placed on final passage.

Representatives Cody and Schmick spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Substitute Senate Bill No. 5927, as amended by the House.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute Senate Bill No. 5927, as amended by the House, and the bill passed the House by the following vote: Yeas, 94; Nays, 2; Absent, 0; Excused, 2.

Voting yea: Representatives Ahern, Alexander, Anderson, Angel, Appleton, Armstrong, Asay, Bailey, Billig, Blake, Buys,

Carlyle, Clibborn, Cody, Condotta, Crouse, Dahlquist, Dammeier, Darneille, DeBolt, Dickerson, Dunshee, Eddy, Fagan, Finn, Fitzgibbon, Frockt, Goodman, Green, Haigh, Haler, Hargrove, Harris, Hasegawa, Hinkle, Hope, Hudgins, Hunt, Hunter, Jinkins, Johnson, Kagi, Kelley, Kenney, Kirby, Klippert, Kretz, Kristiansen, Ladenburg, Liias, Lytton, Maxwell, McCoy, Miloscia, Moeller, Morris, Moscoso, Nealey, Orcutt, Ormsby, Orwall, Parker, Pearson, Pedersen, Pettigrew, Probst, Reykdal, Rivers, Roberts, Rodne, Rolfes, Ross, Ryu, Santos, Schmick, Seaquist, Sells, Shea, Short, Smith, Springer, Stanford, Sullivan, Takko, Taylor, Tharinger, Upthegrove, Van De Wege, Walsh, Warnick, Wilcox, Wylie, Zeiger and Mr. Speaker.

Voting nay: Representatives Chandler and Overstreet.

Excused: Representatives Hurst and McCune.

ENGROSSED SUBSTITUTE SENATE BILL NO. 5927, as amended by the House, having received the necessary constitutional majority, was declared passed.

There being no objection, the House advanced to the eleventh order of business.

There being no objection, the House adjourned until 9:00 a.m., May 10, 2011, the 15th Day of the 1st Special Session.

FRANK CHOPP, Speaker

BARBARA BAKER, Chief Clerk

1131
 Second Reading 15
 Third Reading Final Passage 15

1132
 Second Reading 15

1132-S2
 Second Reading 15
 Third Reading Final Passage 16

1795
 Second Reading 1

1795-S2
 Second Reading 1
 Amendment Offered 1
 Third Reading Final Passage 14

2069
 Second Reading 14
 Amendment Offered 14
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5596-S2
 Second Reading 16
 Amendment Offered 16
 Third Reading Final Passage 17

5927-S
 Second Reading 17
 Third Reading Final Passage 17